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A Ceremony in Silence Offers a Chance for Peace in a Bitter Rivalry



CONFÉRENCE DE PAIX SUR L'EX-YOUGOSLAVIE
PARIS

Mr. Milosevic, left, as Mr. Tudjman of Croatia and Mr. Izetbegovic of Bosnia shook hands. Mr. Clinton, Mr. Chirac, Helmut Kohl and John Major looked on.

Bosnia's Warriors Sign Pact to End 4 Years of Cruelty

By Craig R. Whitney
New York Times Service

PARIS — The leaders of Bosnia-Herzegovina, Serbia, and Croatia signed a peace agreement in silence Thursday, even as scattered violence in Bosnia made clear that real peace was not yet at hand.

President Bill Clinton and the other international sponsors of the agreement urged the former belligerents to make the agreement work, and vowed to contribute 60,000 NATO peacekeeping troops and hundreds of millions of dollars to rebuild the country and make peace a reality after nearly four cruel years of war.

"My government is taking part in this agreement not with any enthusiasm, but as someone taking a bitter yet useful potion of medication," President Alija Izetbegovic of Bosnia said after the formal signing of the accords reached with American mediation in Dayton, Ohio, last month.

Before the signing, President Jacques Chirac of France said, "Real peace remains to be built in people's hearts and minds, along with democracy, human liberty and reconciliation."

President Clinton, who arrived on Thursday morning for the ceremony in the chandelied ballroom of the Elysée Palace, Mr. Chirac's presidential residence, told the former belligerents:

"You have seen what war has wrought. You know what peace can bring. Seize this chance and make it work."

On paper, the 19-page accord leaves the multiethnic Bosnian state whole, and it was officially recognized Thursday as Bosnia and Herzegovina by the Serbian-dominated Federal Republic of Yugoslavia.

But on the ground, the peacekeepers provided for in the accord will have the job of keeping the forces of its two separate components apart — the Muslim-Croatian federation and the Serbian Republika Srpska.

Most of the NATO force, including 20,000 American troops, are to be in place in northern Bosnia by February.

There were no tears of relief, no emotional scenes of reconciliation as Mr. Izetbegovic, President Slobodan Milosevic of Serbia and President Franjo Tudjman of Croatia filed in under the glided cherubs in the coffered ceiling of the Elysée to seal the accords.

They signed without saying a word, put the caps back on their fountain pens and shook hands perfunctorily, staring straight ahead and seldom applauding as speaker after speaker urged them to think of the tens of thousands of people brutally killed by followers of these same men after the collapse of the former Yugoslavia in 1991.

Then Mr. Clinton and the leaders of France, Britain, Germany, Russia and the European Union signed as sponsors.

More than any of the others, Mr. Clinton

has tied his political fate to the success of the agreement, by committing 20,000 American soldiers to the NATO force over considerable opposition from Congress and at the start of his campaign for re-election.

Mr. Clinton assured the three Balkan leaders in meetings before the ceremony that the NATO force, commanded by U.S. General George A. Joulwan, would act impartially. American officials said he also asked them to do all they could to ensure that the peacekeepers were not attacked as the UN forces so often were.

Mr. Milosevic warned: "The key to success in the mission is even-handedness. Just as impartiality is the key to failure."

He and the Bosnian Serbian forces with whom he broke after years of international sanctions and the threat of NATO military force last year were blamed for setting off the conflict in early 1991 to create a Greater Serbia out of the ruins of Yugoslavia. But on behalf of the Bosnian Serbs, President

Now, Back to the Balkans

War-crime suspect rules; NATO watches. An attempt to invent a new country.

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Milosevic accepted peace terms Thursday that fell far short of that.

"By supporting peace in Bosnia, I am convinced that peace is in the interest of all peoples, all men and women living in our region," he said.

President Tudjman, whose army drove hundreds of thousands of Serbs out of Croatia last summer and set the stage for the U.S. negotiating push that led to the peace agreement, spoke in terms that brooked no admission of responsibility for the war.

"The crisis was spurred by deep-rooted reasons, essentially the signing of the Treaty of Versailles, but going back even further to the dissolution of the Roman Empire into the western and eastern empires, not to mention the Ottoman invasion," he lectured the assembled dignitaries, referring to nearly two millennia of events that culminated in the Versailles treaty that created Yugoslavia out of part of the Austro-Hungarian Empire after World War I.

The signing here was only ceremony. But a U.S. assistant secretary of state, Richard C. Holbrooke, who helped drive the three men to agreement last month and watched the signing from the fourth row of the audience, said, "The spirit of Paris was very much more upbeat than the spirit in Dayton."

Mr. Milosevic and Mr. Izetbegovic exchanged letters in Mr. Clinton's presence at the U.S. ambassador's residence here Thursday morning, an American official said, pledging to exchange ambassadors before the end of the year.

See BOSNIA, Page 12

China's Swagger May Betray Party Weakness

By Patrick E. Tyler
New York Times Service

BEIJING — Suddenly, it seems like it's China against the world.

At no time since the Tiananmen massacres of 1989 has the Communist Party leadership here been more bellicose and uncompromising toward its adversaries, or seemed as self-congratulatory that its toughness is paying off.

But outward muscular displays may betray weakness and insecurity at the center of China's collective leadership. Chinese and Western officials say the Communist Party's military commanders are desperate to secure their own

pressing for confrontation with the United States and military action to "discipline" Taiwan.

In recent weeks, Chinese leaders have swaggered with self-confidence over a successful — by their measurement — intimidation campaign against Taiwan's pro-independence movement. The pyrotechnic demonstrations of China's military might in and around the Taiwan Strait since

NEWS ANALYSIS

Last summer produced a marginal, but important weakening of President Lee Teng-hui's ruling Nationalist Party in the January legislative elections.

On another front, the Communist Party chiefs believe

they have undermined the Dalai Lama's influence in Tibet with Beijing's appointment of a rival Panchen Lama, the second most holy religious figure in Tibet, even as secret police forces hold incommunicado the six-year-old herder's son named by the Dalai Lama in May as the Panchen's living incarnation.

And with the sentencing Wednesday of the country's most famous democracy campaigner, Wei Jingsheng, to 14 years in prison, they have cowed China's pro-democracy intellectuals to submit to indefinite authoritarian rule, or go to jail.

The sentencing came as a shock and sent a big signal

See CHINA, Page 12

Germans Cut Interest Rates, Setting Stage For Growth

By Nathaniel C. Nash
New York Times Service

FRANKFURT — Germany's central bank cut its main lending rates Thursday to the lowest levels in more than seven years, which could help a sputtering European economy and perhaps make it easier for the Federal Reserve Board to lower U.S. interest rates.

The Bundesbank said that it had taken half of a percentage point off both its discount and Lombard rates because

Financial markets across Europe rose after Germany's move. Page 13.

growth in the German money supply had fallen far below its targets for the year, because there was no danger of inflation reigniting and because the Deutsche mark was so strong.

Although bank officials denied the move was directly aimed at stimulating the economy, the rate cut could signal a trend toward easier monetary policy that could give the German economy from falling into stagnation next year, aggravating its problems with rising unemployment.

They said the effects of lower interest rates would be strongly felt across Europe. "You have inflation under control in Germany; you have a struggling business, a weak labor market," said Holger Fährkrug, an economist at the Union Bank of Switzerland in Frankfurt.

"So why not cut rates?" The bank set its Lombard rate at 5 percent, down from 5.5 percent, and its discount rate at 3 percent, down from 3.5 percent. The Lombard rate is the ceiling at which the Bundesbank lends to commercial banks, while the discount rate generally is the lower

Who Else Could Pass Maastricht Test?

By Alan Friedman
International Herald Tribune

PARIS — The United States could, Japan could not. Australia could. But South Korea could not.

It's not easy to meet the conditions needed to qualify for Europe's single currency plan.

And if one takes the criteria that have been laid out in the Maastricht treaty and applies them to non-European countries, it quickly becomes clear that those cri-

teria do not offer any guarantee of prosperity.

In Europe only Germany and Luxembourg would qualify today, according to the European Commission. And this week the Bundesbank warned that even Germany may be coming perilously close to the danger zone.

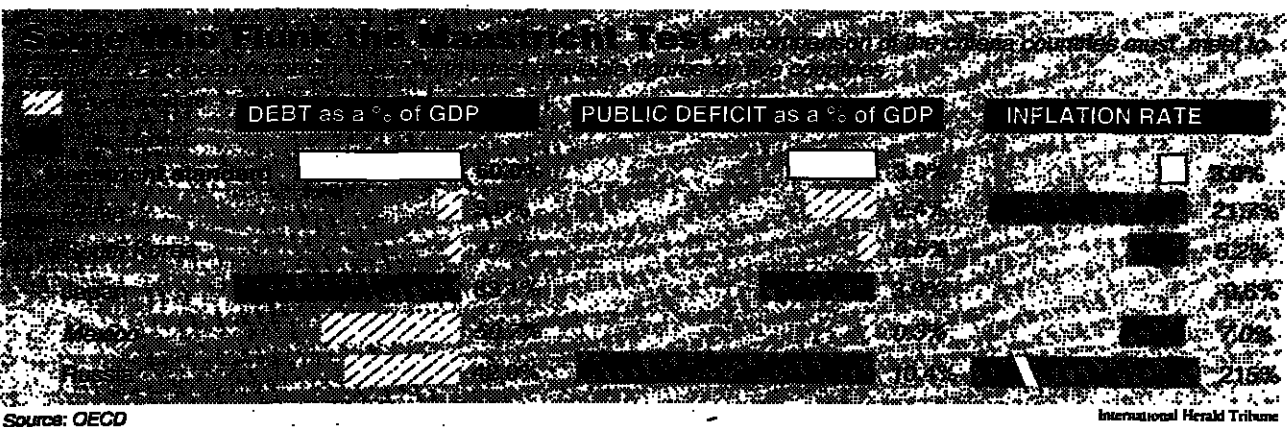
Strikes in France, meanwhile, have not only paralyzed the country, turning a weak fourth quarter into a disaster, but also have multiplied the already substantial doubts about Paris's ability to meet

the Maastricht criteria in time to join a single currency in 1999.

A number of senior French and German government officials have taken to saying in private conversations that they think France's troubles will eventually result in the need for a face-saving diplomatic solution that would delay the single currency launching by a year or two.

"Some arrangement will have to be found," said a French official close to

See FLUNK, Page 12



Talk of Currency Delay Grows Louder

By Tom Buertke
International Herald Tribune

MADRID — European Union leaders arrived here Thursday for a summit meeting intended to reaffirm their commitment to a single currency in 1999, even as some officials conceded privately that a postponement of that deadline seemed increasingly possible.

Despite growing political and economic pressure to put off the date, officials said they feared that formally delaying a single currency so long before the deadline could fatally undermine the credibility of monetary union and weaken the resolve of governments to reduce their deficits.

As a result, officials predicted that EU leaders would renew their commitment to the existing timetable when they met here

Friday to approve a technical blueprint for introducing a single currency in stages from 1999 to 2002.

"If we let dates slip, we won't know what to hold firm to," Prime Minister Jean-Luc Dehaene of Belgium said in an interview in the Brussels daily Le Soir.

Chancellor Helmut Kohl and President

See EMU, Page 14

Mona Lisa, Where Was She?

Tuscany, Italians Say, Provides the Background

By Daniel Williams
Washington Post Service

AREZZO, Italy — It is a landscape as enigmatic as her famous smile: Behind the Mona Lisa, Leonardo da Vinci painted jagged mountains, a misty lake and a winding river. The only man-made object in sight is a rustic bridge off Mona Lisa's shoulder.

The landscape so enchanted one critic that he proclaimed that it could be viewed only through a telescope trained on Leonardo's mind. Other scholars, however, refuse to believe that Leonardo matched a fictional backdrop to the very

real portrait, especially since he was an ardent student of nature and conveyor of detail.

Over the years, there have been many claims for the location, as cities and regions vie to call Leonardo their own. Mainly the sites are in the Italian Alps, with few, curiously enough, in Leonardo's home province of Tuscany.

Now a pair of amateur art sleuths say that the landscape is as real as Lisa di Antonio Maria Gherardini, the Mona Lisa herself, the Western world's best-known portrait subject. The pair have combined simple

See MONA LISA, Page 12

AGENDA

UN Committee Takes Nigeria to Task

Agence France-Press

UNITED NATIONS, New York — A UN General Assembly committee Thursday passed a resolution condemning Nigeria for executing nine minority-rights advocates, including the playwright Ken Saro-Wiwa.

The measure passed the Third Committee, 98 to 12 with 42 abstentions. It was to be considered next week by the full General Assembly, which generally follows the lead of its committees.

The condemnation, a weaker version of one sought by the United States, did not call for sanctions such as arms embargoes or withdrawal of ambassadors.

Dow Jones	Trib Index
Down 34.32	Up 0.24%
5182.15	131.69

The Dollar	Thurs. close	previous close
DM	1.4384	1.4492
Yen	1.543	1.534
FF	101.485	101.65
	4.9925	5.0058

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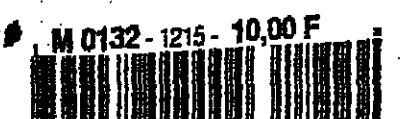


Winter Pastimes
The ski report is back, with twice-weekly updates on conditions at favorite resorts. Today's appears on Page 28.

THE AMERICAS
Ready for Negotiations on Budget

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Newstand Prices	
Andorra	10.00 FF
Antilles	12.50 FF
Cameroun	1.600 CFA
Egypt	2E 5
France	10.00 FF
Gabon	1100 CFA
Greece	350 Dr.
Italy	2,800 Lire
Norway	1,250 Dkr
Portugal	1,250 Dkr
Turkey	1,250 Dkr
U.A.E.	10.00 Dirh
U.S.	1.80 U.S. \$
U.S. (Eur.)	1.20



In Peru, a Battle for Clean Air

As a result, foreign corporations often come

The workers, who requested anonymity for fear of reprisals, said they had reported these ailments to supervisors to no avail.

Although the province has a high rate of that respiratory ailment, it is not the problem reported among



Smokestacks belching sulfur dioxide fumes into the air at the Southern Peru Copper Corp. plant in Ilo, Peru.

Charles Preble, Southern Peru's president, took a conciliatory attitude toward Ilo's residents. In an interview, he said that Southern Peru Copper had

But he said that the plant was expected to reduce sulfur dioxide emissions by only 15 percent.

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THE AMERICAS

Republicans Ready for Final Negotiations on Budget

By Eric Pianin
Washington Post Service

WASHINGTON — House and Senate Republican leaders made a breakthrough in their stalled budget negotiations with the Clinton administration and said both sides were prepared for talks to try to reach an accord on a seven-year balanced budget plan.

Republicans said the White House had agreed to lay down a detailed balanced budget plan based on the long-term economic and spending forecasts of the Congressional Budget Office, as Republican leaders have long sought. In return, Republicans will offer a major revision of their plan that will include substantial increases in spending for Medicare, Medicaid, education, the environment and other programs

sought by the administration. Medicare provides health insurance for the elderly and the disabled; Medicaid is a health-care program for the poor.

The White House declined to say specifically what it will present Friday, although one administration official said it may offer a number of ideas rather than a specific balanced budget plan.

"We expect serious negotiations on Friday," said Barry Toiv, a spokesman. "This is what the president has wanted." But officials said that the announcement had less to do with substantive issues than about how the negotiations would proceed.

Republicans and the administration have also agreed to scale back the negotiating team and dramatically

pick up the tempo of talks beginning Friday, when a midnight deadline looms that could lead to another partial government shutdown. Last month, government workers stayed home for four days because of a shutdown over the budget deadline.

"We're very hopeful that we will make substantial progress towards a balanced budget," said the chairman of the Senate Budget Committee, Pete V. Domenici, Republican of New Mexico.

His House counterpart, Representative John R. Kasich, Republican of Ohio, predicted that after several weeks of false starts, "We will have the most serious talks we've seen on this Hill possibly in many decades."

The announcement came Wednesday night after a high-stake game of

cat and mouse, with Republican leaders threatening another government shutdown this weekend unless the administration presented a "real" seven-year balanced budget plan by Friday. The Senate majority leader, Bob Dole, Republican of Kansas, conferred with President Bill Clinton by phone in hopes of working out an understanding.

The understanding results from a proposal offered by the House speaker, Newt Gingrich, Republican of Georgia, and Mr. Dole of a budget swap of sorts, with Republicans offering a revised plan with more spending for Medicare, Medicaid, education and other administration priorities in return for a White House plan certified by the Congressional Budget Office to eliminate the deficit by 2002.

"We're actually close enough to get a balanced budget, but I think the president has to take it seriously — and it has to happen now," Mr. Gingrich said.

However, administration officials resisted the proposal earlier in the day, saying the Republicans first must explain how they intend to reconfigure their seven-year budget-balancing plan in light of new Congressional Budget Office calculations that Republicans could spend an extra \$135 billion and still balance the budget by 2002.

"It's the Republicans' turn to make an offer to show how they would protect our priorities, and then we will offer" a new plan, said the White House chief of staff, Leon E. Panetta. "The key right now is let's not shut the government down at Christmas."

POLITICAL NOTES

House Ties Up a Rules Change

WASHINGTON — Newt Gingrich, the House speaker, and other Republican leaders plan to bottle up a proposed rules change that would prohibit House members from earning more than \$20,400 a year in book royalties, a revision urged in reaction to the speaker's million-dollar earnings from his own book.

The proposal came this week from the House ethics committee, which suggested that the speaker had exploited his office for profit and recommended that all royalties earned after Dec. 31, 1995, be subject to the current \$20,400 limit on members' outside income.

The ethics committee called for adoption of the change this month. But Mr. Gingrich said that thorough hearings should precede any action and that other kinds of income now exempt from the limit should also be re-examined. Current rules exempt not only royalty income, but also investment income.

An aide to the Republican in charge of scheduling in the House, Richard K. Arney of Texas, said Mr. Arney, the House majority leader, had told the ethics committee chairman, Nancy L. Johnson of Connecticut, that her proposal should be considered next year, as part of "a whole package of rules changes."

Representative Gerald B. H. Solomon, the New Yorker who is chairman of the Rules Committee, like all Republican members of the committee, was appointed to the panel by Mr. Gingrich. He told the committee that the proposed rules change should be studied by a task force and then perhaps by a rules subcommittee.

Under his contract with HarperCollins for the publication of his book, "To Renew America," Mr. Gingrich gets \$3.60 for each copy sold. No sales figures are available, but HarperCollins has acknowledged shipping 660,000 copies. If 500,000 of them have been sold, Mr. Gingrich's royalties would be \$1.8 million. (NYT)

Districts in Georgia Are Erased

WASHINGTON — A federal judicial panel in Georgia has scrapped two of the state's three majority-black congressional districts, underscoring the uncertain fate of districts nationwide that were created to enhance minority representation in Congress.

"I think that this is the opening of the floodgates, the potential to wipe out the Congressional Black Caucus," said Penda Hair of the NAACP Legal Defense and Educational Fund.

Under the new electoral map, two black Democrats would no longer have majority-black voting populations.

The new configuration would also affect two white Republicans, who would lose the bulk of their current constituents.

The 6th District of Newt Gingrich, the House speaker, would remain virtually untouched.

In June the Supreme Court struck down Georgia's redistricting plan, saying the notion of equal opportunity was corrupted when legislative districts are drawn by purposely grouping together people on the basis of race. (WP)

Quote/Unquote

Craig Pahl, 47, a resident of heavily Republican Orange County, California: "The truth is, I believe the Democrats have more compassion than the Republicans. But I believe there is more conscience among Republicans on the moral issues. So Republicans need to be a little more compassionate." (NYT)

Clinton Popularity With Voters Surges Poll Damaging to Gingrich

By Richard L. Berke
New York Times Service

NEW YORK — President Clinton has emerged from the federal budget standoff with his highest public ratings in nearly two years, while House Republicans, particularly Speaker Newt Gingrich, have lost much of the goodwill they enjoyed after their sweep of Congress last year, the latest New York Times/CBS News Poll shows.

Virtually every finding displayed striking evidence of renewed political strength for the president: Mr. Clinton's job approval level has broken 50 percent for the first time in the Times' polling since February 1994. Americans have begun to give him more credit for a healthier economy. And they perceive Mr. Clinton as far more earnest than the Republicans in trying to find a solution to the budget impasse.

In more heartening news for the president, his rebound has come at the expense of Republicans. The Democrats have, at least for now, succeeded in convincing many Americans that Republican budget remedies would carry harsh consequences for the public. Still, Senator Bob Dole, the majority leader and leading Republican candidate for president, appears relatively unscathed; it is Representative Gingrich whose standing has plummeted.

Sixty-one percent of Americans polled say Mr. Clinton is really trying to find a solution to the budget crisis; only 43 percent say the Republicans in Congress are really trying. And 47 percent approve of the way the president is handling the economy, up from 41 percent in October.

One of the most significant findings is that the Republicans' long-held advantage as the party most trusted to balance the budget has dissipated. The public is evenly divided, with 41 percent trusting the Republicans in Congress and 41 percent trusting Mr. Clinton. In the poll, 1,111 adults nationwide were called Dec. 9 through Dec. 11. The margin of sampling error is plus or minus three percentage points.

Just a year ago, after the Republican triumph in the midterm elections, 60 percent said they trusted the Republicans more in balancing the budget; Mr. Clinton drew only 28 percent.

The reputation of Congress has, in fact, fallen close to the levels it was at before Democrats were ousted from

Congress in 1994. Twenty-six percent approve of how Congress is handling its job now, while in November 1994, 20 percent approved of how Congress, then controlled by Democrats, was handling itself.

The slide in approval for the Republican Congress has roughly paralleled Mr. Gingrich's ratings, which are the lowest since he has been speaker. Only 29 percent of Americans approve of how he is handling his job, down from an already low 34 percent in October.

One reason for Mr. Gingrich's declining fortunes is that many Americans are uncomfortable about the Republican agenda. Fifty-two percent say the Republicans' proposed Medicare changes would be bad for the country and just 27 percent say they would be good.

Specifically, a sizable proportion of Americans believe the Democrats' contention that Republicans are driven to reduce growth in Medicare spending as a way to cut taxes.

The poll also found that even as Ross Perot has formed a third party, his public appeal has further diminished. In a three-way contest, Mr. Perot draws 16 percent of registered voters, with 44 percent for Mr. Clinton and 32 percent for Mr. Dole.



HONDURAN SHOOTING — A protester being put on a stretcher after a gunman fired on a group of relatives of missing people in San Pedro Sula, Honduras, who were demanding that President Carlos Reina investigate.

Senate Panel Demands Whitewater Notes

The Associated Press

WASHINGTON — A bitterly divided Senate panel voted Thursday to give a former presidential aide less than 24 hours to turn over his disputed Whitewater notes, rejecting a last-minute White House offer to provide the documents with certain conditions.

The Senate Whitewater Committee's 10-to-8 vote, along partisan lines, came as the dispute between President Bill Clinton and the Republican-

controlled Congress inched closer to a court battle.

The committee gave the White House and a former aide, William Kennedy, author of the notes, until 9 A.M. Friday to produce the records.

If they refuse, the panel would very likely seek Senate permission to challenge the administration in federal court.

Republicans sought to draw parallels between Mr. Clinton's claim that the notes, which involve real estate dealings, are

protected by attorney-client privilege and President Richard Nixon's attempts to withhold documents during the Watergate scandal.

The White House relented Thursday morning just as the panel prepared to vote, saying it would turn over the notes and also let senators question the four presidential aides who attended the meeting led by David

Kendall, a private lawyer.

However, it insisted on attorney-client privilege and stated that the Clintons' private attorneys at the meeting could not be questioned, that the committee would have to agree that the meeting was privileged, and that senators would have to get other investigative bodies, including Whitewater prosecutors, to agree to the terms.

New Hope for Stroke Victims
If Given Fast, Drug Can Prevent DisabilityBy David Brown
Washington Post Service

WASHINGTON — A daring and sometimes risky treatment for stroke can substantially increase a person's chance of full recovery, provided it is administered within three hours of first symptoms, according to a new study.

Most people with stroke suffer functional brain damage. However, the study found that the new treatment could prevent at least one-third more stroke victims from suffering permanent disability than current treatments now do.

The study involved 624 patients and tested the safety and usefulness of tissue plasminogen activator (t-PA), a clot-dissolving drug now used in the treatment of heart attacks. About 80 percent of strokes are

caused by blood clots, which either form in a blood vessel in the brain or travel there from elsewhere in the body.

Twenty percent of patients who did not get t-PA had a full recovery from their stroke when evaluated by neurological examination three months later. Of those who got t-PA, 31 percent recovered. Three other measurements of daily functioning were also used and they showed a 30 percent to 50 percent greater likelihood of recovery in t-PA patients.

T-PA treatment can make a real difference to patients' neurological outcome, and to their normal daily functioning, said Thomas Brodt, a physician at the University of Cincinnati and one of the leaders of the study, at a news conference on Wednesday.

The key variable in the new treatment is time. The brain is damaged much more quickly by a loss of blood flow than are the heart, abdominal organs and most other body tissues. A stroke-causing clot must be dissolved a few hours after it forms if brain cells are to be rescued.

Patients were eligible for the study only if there was a reasonable expectation that they would be treated within three hours of the onset of symptoms, which typically consisted of sudden weakness in one part of the body, or difficulty speaking.

Today, only about 1 percent of people with stroke seek medical attention that quickly.

The new treatment also requires physicians to use a potent drug whose occasionally disastrous complications cannot be undone once they occur. Bleeding into the brain occurs 10 times more often in stroke patients getting t-PA than in

those getting placebo. Despite that, death rates in the two groups of patients in the study were about the same.

Although it is now certain that clot-dissolving drugs help most heart attack patients if given within six hours of the onset of symptoms, many physicians are reluctant to prescribe them because of their risk. As with stroke patients, the most feared complication is bleeding in the brain.

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Away From Politics

• Researchers say they have demonstrated for the first time the ability to immunize rats against some of the stimulant effects of cocaine, opening up a potential new treatment for drug addiction. Scientists at the Scripps Research Institute in San Diego said they had inoculated rats with an artificial cocaine-like substance that triggers the production of antibodies to cocaine. The antibodies, they say in the journal Nature, act as biological "sponges" that bind with cocaine and reduce the amount of the drug available in the blood that can reach the brain. (NYT)

• FBI agents are questioning a railroad contractor, John Ernest Olin, 32, in their search for the person responsible for sabotaging an Amtrak train in Arizona in October. One person was killed in the crash and 78 were injured. (AP)

• A judge in Columbia, South Carolina, has ordered Tonya Kline, a 15-year-old girl with a history of delinquency, to remain chained to her mother — 24 hours a day, seven days a week — for a month. Family Court Judge Wayne Creech refused to comment on the case, citing ethical reasons. (AP)

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EUROPE

Snubbed by Yeltsin, a Young, Popular Reformer Seeks His Revenge

By Lee Hockstader
Washington Post Service

MOSCOW — They were Russia's whiz kids, the best and brightest of the perestroika generation. None was quite old enough to recall the 1962 Cuban missile crisis as more than a hazy childhood memory.

When Boris N. Yeltsin was elected as Russia's first president, he ignored the doubts about their youth, inexperience and Western leanings and put them in charge of his government. Suddenly, Moscow's brainy thirty-somethings were prime minister, finance minister and chief of history's largest privatization program.

All except one. Grigori A. Yavlinsky, a curly-haired economist with a sharp intellect, big ego and driving ambition, was passed over for a top job. He never forgot it.

Now Mr. Yavlinsky, 43, is poised for his comeback. The other whiz kids have lost their jobs or popularity in the tumult of Russia's economic transition. Mr. Yavlinsky alone kept his footing, untainted by ties with an unpopular government.

To many here, he is the last, best hope for reform in Russia.

"I'm trying to rely on the inner feeling of the Russian people that Russia can't, simply can't, go back to the past," he said. "It would mean total disaster and collapse for Russia."

In parliamentary elections Sunday, Mr. Yavlinsky's party, the most popular reform bloc opposed to Mr. Yeltsin's government, is expected to do well. Polls suggest the party, Yabloko, will be one of the top four or five vote-getters in a field heavily stacked with extremists of left and right.

But to Mr. Yavlinsky, the real goal is not the Parliament but Russia's presidential election in June. His campaign for president begins in mid-January, he said. And by all accounts, he wants the job badly.

Mr. Yavlinsky, a former Communist who spent eight years as a Soviet government economist, made a splash in 1990 when he helped devise a sweeping plan for radical economic change that Mikhail S. Gorbachev rejected. He resigned from the government a few months later, hoping in vain to be recruited by Mr. Yeltsin.

He is cut from the same ideological cloth as the young reformers Mr. Yeltsin did hire. At the heart of his program is rapid privatization, land reform and better conditions for private investment.

Unlike the others of his generation, however, Mr. Yavlinsky starts off with a huge advantage: As a critic of the government, he is not widely associated with the hardships that many Russians have suffered in the economic upheaval.

That gives him a rhetorical free hand that Mr. Yeltsin's Young Turks were stripped of long ago. He has used it to argue for expanding privatization and to suggest that government spending can make the bitter pill of reform easier to swallow.

"Reform may be painful but must have some results," he said in fluent English. "I would use an American expression which I like very much: No pain, no gain. But gain — the people must have a future. If in the end you have only corruption and crime and collective farms and a small group of people — maybe 3 to 5 percent, mainly the previous party leaders — who have gained from the reforms, then the other 95 percent have no visible results."

"They are the outsiders, and I'm with them. In this sense, I'm an outsider."

That sort of populism has helped Mr. Yavlinsky win a considerable following. Young and telegenic, a former boxer who won 43 of 46 fights as a teenager, he has outperformed Mr. Yeltsin in polls for the past two years. These days he is rivaled as a presidential favorite only by Alexander Lebed, a gruff former army general who is also a harsh critic of the government.

Despite his status as an opponent of the government and the generally favorable treatment he receives from Russia's reform press, Mr. Yavlinsky has had his critics.

Among them are Moscow's liberal elite, who blame him for splitting the progressive vote by forming his own party rather than joining that of Yegor Gaidar, Mr. Yeltsin's first prime minister.

Running separately in parliamentary elections in 1993, Mr. Yavlinsky's and Mr. Gaidar's parties were outpolled by the ultranationalist Vladimir Zhirinovskiy. Had they run together, the numbers suggest they could have beaten Mr. Zhirinovskiy.

Mr. Yavlinsky insists that any alliance with Mr. Gaidar, the architect of some of Mr. Yeltsin's harshest economic moves, would cost him nearly half his backers.

And even his allies think Mr. Yavlinsky could use the aide of a political consultant who could help him defeat perceptions that he is soft, untested, arrogant and out of touch with working people. Mr. Yavlinsky has so far refused.

Moreover, Mr. Yavlinsky, who grew up in Ukraine, near the border with Poland, is half-Jewish. That is a potential liability in a country with a long history of anti-Semitism and a nationalism.

He has discussed that openly while trying to paint himself as an underdog and an outsider.

"For everybody who hates Jews in Russia, I'm a Jew," he said. "For everybody who hates Russians, I'm a Russian. For everybody who hates Tatars in Russia, I'm a Tatar. For everybody who hates Christians in Russia, I'm a Christian, because I am Russian."

He added, "We'll see what the response will be."

BRIEFLY EUROPE

U.K. Tightens 'Mad Cow' Controls

LONDON — The British government, facing anxiety that people might catch "mad cow disease" from eating beef, on Thursday tightened slaughterhouse and export controls.

The new rules forbid any use of the spinal column in "mechanically recovered meat," the ground-up parts left after a cow is butchered. They also forbid the export of those products for human consumption.

The scare started in 1986 when Bovine Spongiform Encephalopathy, or mad cow disease, swept through British herds, causing cattle to behave strangely — stumbling, weaving their heads about — and, finally, dying. (Reuters)

Panel to Open Work on IRA Arms

BELFAST — A panel will begin Friday to devise possible ways of ridding Northern Ireland of guerrilla weapons and paving the way for permanent peace in the province.

The three-man team, headed by George J. Mitchell, a former U.S. senator, was formed by London and Dublin after 16 months of peace was threatened by a dispute over the Irish Republican Army giving up its weapons.

Britain insists it will not invite the guerrillas' political wing, Sinn Féin, to all-party peace talks until the IRA gives up its arsenal. Officials hope the Mitchell team will find a route around the arms impasse. (Reuters)

Papandreou in Stable Condition

ATHENS — Prime Minister Andreas Papandreou of Greece was in stable condition on Thursday and breathing without the help of a respirator, a hospital bulletin said.

His kidneys were still being supported by dialysis, the statement said. Mr. Papandreou, 76, has been hospitalized since Nov. 20 with lung and kidney failure brought on by pneumonia. (Reuters)

Indecision Marks Austria Vote

VIENNA — With three days to go before Austria's most unpredictable election in years, opinion polls on Thursday gave a boost to Chancellor Franz Vranitzky.

Mr. Vranitzky's Social Democrats, still Austria's biggest party despite its relatively poor showing in last year's general election, maintained a six-point lead over their nearest rivals with 34 percent, the weekly magazine News said.

The conservative People's Party, blamed by the Social Democrats for bringing down the government in October in a dispute over the 1996 budget, received 28 percent support. The research institutes Gallup, ISMA, OGM and IFES, in the last polls before Sunday's vote, also showed Jörg Haider's far-right Freedom Party in third place with 24 percent. The polling organizations stressed that a third of Austria's 5.7 million voters remained undecided. (Reuters)

Bonn Opposition Seeks Inquiry

BONN — The opposition Social Democrats called Thursday for a judicial inquiry into the role of a senior aide to Chancellor Helmut Kohl in the smuggling of weapons-grade plutonium into Germany.

The Social Democrats have several times sought the resignation of the aide, Bernd Schmidbauer, secretary of state in Mr. Kohl's office in charge of coordinating the secret services.

A party spokesman said the Social Democrats also wanted an investigation of the German intelligence agency, the BND. The opposition media reports have accused the BND of staging the smuggling of 363 grams of plutonium 239 into the country to demonstrate the danger posed by traffic in nuclear material from the former Soviet Union. (AFP)

Calendar

European Union events scheduled for Friday:
LUXEMBOURG: European court decision in the Bosman case governing the transfer of professional footballers in the European Union.

LUXEMBOURG: A European summary tribunal hears a complaint from three Tahitians against a European Commission decision not to take France to the European Court for alleged infringement of the Euratom Treaty.

MADRID: EU summit meeting opens.
SOURCES: Agence Europe, AFP

As Vote Begins, Battle Erupts in Chechnya

The Associated Press

GROZNY, Russia — Russian helicopters shelled the outskirts of Chechnya's second-largest city, Gudermes, on Thursday after rebels were reported to have seized a hospital and other installations on the first day of elections.

At least 10 Chechens and five Russian soldiers were killed after rebels fired on a Russian armored convoy sent to the town, 30 kilometers (19 miles) east of Grozny, the Interfax news agency quoted an Interior Ministry official as saying. The rebels had seized a hospital and railroad station in the town.

Thursday was the beginning of voting in Chechnya for a new leader of the republic and for

representatives to Russia's Parliament.

The election is formally Sunday, but Chechnya's Russian-backed authorities decided to start it early because of the difficulties in staging the vote.

The Chechen president, Dzhokhar Dudayev, who is not among the three Moscow-sanctioned candidates, has said he will annul the vote but will not disrupt it. His rebels have vowed to boycott it.

The fighting Thursday was some of the worst in Chechnya in months, Russian news agencies said. Russian reinforcements were being sent to Gudermes, Interfax said, and helicopters and artillery were striking Chechen positions outside the city.



London traffic police Thursday in the area where rioting occurred Wednesday night. The car was burned in the unrest.

Police Blame Thugs for London Rioting

Reuters

LONDON — London's police chief on Thursday blamed thugs and criminals for a night of rioting in which 12 people were injured, shops looted and cars set on fire in the suburb of Brixton.

But local residents, outraged by the death in police custody of a black man, said the riots were an expression of alienation in an impoverished area devastated by race riots in 1981.

"Last night happened because the only time a black man is seen and listened to is when he comes out on the street," said Harold Douglas, 39. "They cause a million pounds

of damage and then people start taking notice."

Hundreds of black and white youths, many armed with baseball bats and ransacking shops, stormed along roads in Brixton, attacking policemen armed with riot shields and on horseback.

Twenty-two people were arrested for public order offenses,

theft and criminal damage.

Three police officers were hurt. The disturbances swept through the area for five hours, the police said. Gun shots were heard at one stage, residents said.

"It was not Brixton rioting last night. It was a small minority of thugs and criminals, who, as ever, were looking for

the opportunity to embark on criminal activities," said the Metropolitan police commissioner, Sir Paul Condon.

The riot followed a demonstration over the death of a black man, Wayne Douglas, 26, in police custody last week. The police said he collapsed at the station and that a postmortem revealed he had heart disease.

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The Bosnia Accord / Now, Back to the Balkans

History, However Revised, Holds Unkind Lessons for Bosnia

By Roger Cohen
New York Times Service

PARIS — The Bosnian war was long sustained by the manipulation of history, used by the parties to justify acts of barbarism and by Western powers to explain their prolonged inaction. Thursday, as a treaty was signed here to end the worst conflict in Europe since World War II, history was once again a theme, and the varied allusions to it suggested the fragility of the peace.

President Bill Clinton, abruptly changing his views on Bosnian history, tried to portray

NEWS ANALYSIS

a society long distinguished by understanding between different ethnic and religious groups. "Bosnia," he said, "once found unity in its diversity," adding that the lives there of Muslims, Orthodox Serbs, Catholic Croats and Jews were "woven together by marriage and culture."

It was a remarkable turnabout for the president who, as recently as the June summit meeting of the world's major economic powers in Canada, portrayed the Bosnian war as intractable because it was rooted in hatreds going back "at least, at least to the 11th century."

In fact, the truth about Bosnia lies somewhere between the history of harmony elaborated Thursday by the president and his former allusions to a 1,000-year-old war. It would take a considerable stretch of the imagination to see Bosnia's past as a natural beacon to peace.

A terrible civil war that took hundreds of thousands of lives was fought within Bosnia during World War II. A series of revolts wracked the area in the 1870s. The movements of Croatian and Serbian nationalism that have marked Balkan history over the past two centuries have long caused moments of unease within Bosnian society, as the Croats and Serbs of Bosnia wrestled with their identity.

Above all, the country has no recent independent history of peaceful existence on which to build. For centuries it has been ruled either by outside imperial powers or by the Communist authorities of Yugoslavia.

Thus the settlement Thursday is really an attempt to invent a new country. Independence in April 1992 led immediately to war. The state never came into being because it immediately came under assault from the Serbs. That war destroyed and polarized a unique society, one that has indeed known the harmony President Clinton described, but also one that has not governed itself in peace for centuries.

This reality gives a measure of the challenge facing the 20,000 American troops who are going to Bosnia as part of a North Atlantic Treaty Organization force to police the peace. Even greater, perhaps, will be the challenge facing the international civilian authorities who

The settlement is really an attempt to invent a new country.

will try to organize democratic elections and put in place a police force that can assure security for refugees returning home.

They will be working in a Bosnian state that officially has two armies — one Serbian and one of the Muslim-Croatian federation — but in reality has three: one Serbian, one Croatian and one mainly Muslim. They will also be working in a state where words like "democracy" and "freedom" are more slogans than conditions that people understand.

The reluctance of the different forces to come together to form the single multiethnic Bosnian state backed by the United States and Western Europe was evident in the words

of Franjo Tudjman, the Croatian president. At a moment of peace, he chose to devote almost all his speech to an account of Balkan history that dwelt heavily on division and violence.

He dismissed the former Yugoslavia as a failed attempt to bring together "peoples belonging to different cultural spheres." These divergent spheres, he argued, were evident as early as the Roman Empire, whose line of division between what he called "Western-Roman" and "Eastern-Byzantine" parts ran through the Balkans.

In plain terms, what Mr. Tudjman was saying was that the Catholic Croats and Eastern Orthodox Serbs never belonged in the same state. They were culturally incompatible, Western proto-Europeans in Croatia and Eastern hordes in Serbia.

That, in Mr. Tudjman's argument Thursday, is why Yugoslavia fell apart during World War II and why only the Communist authority of Tito could hold it together after that. Communism's collapse in Europe led in turn to what Mr. Tudjman called a "Yugo-Communist aggression" aimed at creating "a Greater Serbia" that swooped down on Croatia and Bosnia-Herzegovina.

Turning to his nominal allies, the Muslims of Bosnia, Mr. Tudjman was disparaging. He described them as a religious group that had been reinvented as a "separate ethnic entity" by Tito in an attempt to use them as a buffer between Serbs and Croats. This attempt, he added, was a failure.

The bits of history that Mr. Tudjman left out were perhaps as interesting as those he chose to dwell on. These included the genocidal assault on Serbs by the puppet-Nazi Croatian state during World War II and his own provocations to Croatia's Serbian minority in the period preceding the Croatian war. But all the history — averted and unspoken — scarcely suggested a future of Balkan harmony.



Women from Vukovar, Croatia, after lighting candles Thursday at a wall facing UN headquarters in the capital, Zagreb. Each brick carries the name of someone who has been killed or is missing in the Bosnian conflict.

War-Crime Suspect's Least Fear: NATO Indicted Croat Rules Fiefdom Under Allies' Gaze

By John Pomfret
Washington Post Service

KISELJAK, Bosnia — Ivica Rajic's favorite coffee bar, the Café Jerusalem, sits just a stone's throw from the new NATO headquarters in this

Bosnian Croatian town on the outskirts of Sarajevo. The other day he lingered there over a double espresso while two French officers downed cognac at a table nearby. What was strange about the scene was that Mr. Rajic is a wanted man. He was indicted by the International War Crimes Tribunal in The Hague in September on charges of slaughtering Muslim civilians in 1993.

But the former Croatian militia chief in this area said he is not afraid of arrest by the NATO soldiers.

"What can NATO do to me?" he asked with a big smile. "I run this town."

As NATO begins to deploy 60,000 troops to Bosnia to carry out the peace plan that was signed Thursday in Paris, dealing with local chiefs and alleged war criminals such as Mr. Rajic is bound to be a headache for the alliance.

If NATO troops track these men, they could wind up with a deadly assignment, similar to the failed efforts of UN peacekeepers in Somalia to capture General Mohammed Farrah Aidid in 1993. Eighteen American soldiers died in one part of that effort. But if NATO does nothing to loosen the grip on local power that Mr. Rajic and others like him have, then the U.S.-led yearlong peace mission here could turn out to be only an interlude, allowing them time to stock up on weapons, bullets and fuel until war resumes.

"We're waiting for everything to get better," Mr. Rajic said. "It will probably happen when all these soldiers and journalists leave."

In an attempt to bridge this gap, the U.S. military seems to be seeking a middle ground. U.S. soldiers say they will not hunt down accused war criminals like Mr. Rajic, but if those indicted make themselves available, they will be arrested.

"We're not really here to be doing that," said Lieutenant Colonel Frank Bohle of the U.S. Army, whose Special Forces soldiers occupy a base half a mile from the Café Jerusalem. "I attended many briefings in Germany, and at no time did something like this come up."

As for the French officers in the Café Jerusalem? "We never met the man," one said. Mr. Rajic says he is not hiding. He has already given two interviews to a local radio station and newspaper. "I want to let everybody know that I'm back," he said.

Mr. Rajic's case also illustrates another troubling development since last month's conclusion of the Bosnia peace deal in Dayton, Ohio.

Until Dec. 5, the mustache-bred former officer in the Yugoslav Army was in jail in the south Bosnian city of Mostar on charges of killing five Croatian men in Kiseljak in the summer of 1993. At the time, Mr. Rajic was a leader of a Croatian faction that favored waging war against the Muslims. His alleged victims opposed fighting the Muslims and supported the Muslim struggle against the Serbs.

Mr. Rajic allegedly had tried to persuade them to join him and his men in attacking the

Muslim village of Stupni Do, near the central Bosnian town of Varcar. They refused and ultimately died for their beliefs. Mr. Rajic carried out the attack on Oct. 23, 1993, and the war crimes tribunal contends took part in the slaughter of at least 16 civilians while burning down their houses.

Mr. Rajic denied killing civilians in Stupni Do, calling the action "a purely military affair."

He was arrested in June by Croatian special police, who arrived by helicopter from Mostar to take him into custody. Although murder was the charge, Bosnian sources said the real reason was that Mr. Rajic had been holding up military cooperation between the mostly Muslim Bosnian Army and the Croatian militia. At the time, the Muslims were trying to break the Serbs' siege of Sarajevo, and Croatian help was critical to their task.

But earlier this month, after a court session in Mostar, Mr. Rajic was released. According to participants, the prosecution was not allowed to call any witnesses. Only those backing Mr. Rajic were able to take the stand.

"It was a just decision," Mr. Rajic said. "I'd like to thank those who supported me."

Senior Bosnian Croatian politicians had pledged to hand Mr. Rajic over to the war-crimes tribunal, according to Christian Charrier, a spokesman for the court.

The U.S. ambassador to Croatia, Peter Galbraith, called Mr. Rajic's release "outrageous."

Balkan Leaders' Remarks

The Associated Press
Following are excerpts from the remarks of the presidents of Bosnia-Herzegovina, Serbia and Croatia at the signing in Paris of the Bosnian peace accord:

**Alija Izetbegovic
Of Bosnia**

I would like to pay tribute to the American government, the American Congress and President Clinton for their endeavors — past, present and future — so that war be brought to an end in this region and peace be ushered in.

My government is taking part in this agreement without any enthusiasm, but as someone taking a bitter yet useful potion of medication.

That being said, may I add that the signing of this agreement is being done with full sincerity on our part, and the agreement will be duly respected.

**Slobodan Milosevic
Of Serbia**

Of course it does not solve all problems between people who have been at war for years. But I am convinced that the common language will be found so that people may be able to live in peace.

As to the implementation of the peace agreement and the role of the international peace force, the key to success in the mission is even-handedness. Just as impartiality is the key to failure.

I wish all the people in the former Yugoslavia a lasting and enduring peace.

**Franjo Tudjman
Of Croatia**

I am bold enough to state that the signing ceremony here in Paris is a historic and momentous event.

The international community should well reflect that the crisis took on such proportions that it was no longer possible to solve it on a regional level.

The crisis was spurred by deep-rooted reasons, essentially the signing of the Treaty of Versailles, but going back even further to the dissolution of the Roman Empire into the western and eastern empires, not to mention the Ottoman invasion.

The signing of this agreement is a major stride forward, which should make it possible to end one of the most serious political and military crises of our day.

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Clinton on Thin Political Ice in Bosnia Pivotal Decision Was Made Before Building a Consensus

By R.W. Apple Jr.
New York Times Service

WASHINGTON — The grudging congressional acceptance of the involvement of U.S. troops in Bosnia gives President Bill Clinton only the flimsiest political cover on an issue that could still torment him.

The debate exposed a broad vein of doubt and anxiety about the whole enterprise, and while neither the Senate nor the House of Representatives, both deeply divided, was ready to try to thwart the president's will, they were equally unwilling to give any ringing endorsement.

The Senate voted Wednesday night for the deployment of American troops, 69 to 30, on the condition that the United States lead an international effort to arm and train the Bosnian Muslims.

The Senate later defeated a resolution to support the troops but oppose Mr. Clinton's decision to send them. The House approved a similar resolution. In earlier votes, both houses beat back attempts to cut off funding for the troops.

The congressional uncertainty testified to Mr. Clinton's failure to build a genuine constituency for his Balkan strategy on Capitol Hill or in the nation as a whole. He left that until very late, pledging early to take part in a peacekeeping operation if a workable peace could be achieved but then talking for months and years mainly about avoiding U.S. involvement.

As part of a flurry of speeches, statements and interviews designed to build support, he tried Wednesday to draw a distinction between what he avoided and what he is doing now.

"For three years, I refused to commit our troops in the war," he told Tom Brokaw of NBC News. "But almost from the beginning of my presidency, I said

that I thought we should be part of preserving a peace agreement."

Yet, peacekeepers can also be drawn into combat, especially under the rules of engagement in Bosnia, permitting a robust response to provocation.

Mr. Clinton has not sold the American people on the virtues of sending ground troops to Bosnia. In the Times/CBS survey,

only 36 percent said it was "the right thing" to do, while 58 percent said the troops should be kept out of the Balkans. It was not that people do not understand the rationale — 51 percent said they did — but that they do not accept it.

Public support for President George Bush's campaign in the Gulf was also limited at this stage. It built steadily as U.S. troops won a series of victories. But there will be no derring-do in the Balkans, just the thankless work of keeping mortal enemies from each others' throats.

As it has with other troop commitments in the last two decades, the specter of Vietnam hovers in the background.

"His re-election hangs in the balance in Bosnia, and we all know it," a top White House official said. There is danger for Republicans as well.

Senator John S. McCain, Republican of Arizona, and Senator Bob Dole of Kansas, the majority leader, are backing Mr. Clinton, and for their pains they have become the targets of intense criticism from congressional colleagues and constituents alike.

It is Senator Dole, the leading candidate for the Republican presidential nomination next year, who has the most at stake. He is the front-runner in New Hampshire, which holds the nation's first

primary, but his support has not solidified, and many voters remain uncommitted. A poll taken there last week showed him with the backing of 30 percent of Republican voters, but when his stance on troops in Bosnia was explained, the figure dropped to 24 percent.

So why are Mr. Clinton and Mr. Dole, a pair of political survivors, putting themselves in such potentially perilous positions, especially when both have spent much of the last three years struggling to stay clear of the Balkan quagmire?

Because they fear that if they do not, the already strained NATO alliance may come apart.

Already, the Western European allies are dubious about American resolve and reliability in the post-Cold War era. A visitor to France and Britain last month was peppered with questions about neo-isolationism in the United States.

"You're behaving as if you have a toy army that mustn't be used because some of the soldiers might break," said an outspoken British ambassador.

The Clinton administration promised many months ago that if a peace agreement was reached in Bosnia, the United States would send troops. To renege now, American officials argue, would be to abandon the leadership role in the North Atlantic Treaty Organization.

The pivotal decision was made before any real debate began. Once the United States had committed itself to contribute troops in the wake of an agreement, the die was cast.

No American government would be likely to go back on such a commitment, which is why Republicans long identified with the foreign-policy establishment have swung behind the president.

In that sense, the current debate is just window-dressing.

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- 1 Place for a bucket
- 11 After, afterthought
- 14 Driver's rest
- 15 Sole protector

DOWN

- 16 Kind of boat
- 17 Marble tower site
- 18 Low-voiced ladies
- 19 Lamb extenders
- 21 Threatening words

ACROSS

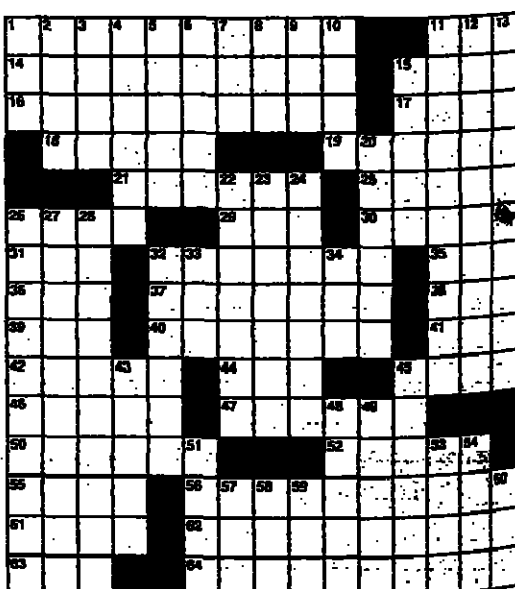
- 25 Originate
- 26 Creek constrictors
- 27 Cries of pain
- 30 The Beatles' "I'm a..."
- 31 G.E. bought it in 1985
- 32 Peppard TV role
- 33 On (from the barrel)
- 36 Paul's singing partner
- 37 Incline
- 38 British verb ending
- 39 Me, to a griever?
- 40 Walked heavily
- 41 "Smoking or..."
- 42 Jack of rhyme
- 44 How alternative
- 45 Flying eagle of the 1850's
- 46 Dark meat option
- 47 "Potemkin" locale
- 50 Responded like Simba
- 52 Worked in whiteface
- 53 Practiced
- 56 1963 Chiffons hit
- 61 Tuck
- 62 Too-willing witness
- 63 For example
- 64 Ride and others

DOWN

- 1 World banking org.
- 2 Brown beverage
- 3 Card catalogue abbr.

DOWN

- 4 "Be prepared" and "Semper Paratus"
- 5 Branch shelter
- 6 Decided on
- 7 On a roll
- 8 Addams Family cousin
- 9 New beginning
- 10 Shady ones
- 11 Goliath, e.g.
- 12 Like most bowl games
- 13 Cecil of cartoons
- 14 Dick's running mate
- 15 Spilled the beans
- 16 In the distant past
- 17 Search dogs' target
- 18 Decide by chance
- 19 Window washer's problem?
- 20 Much
- 21 "Nothing" truth...
- 22 Calendar abbr.
- 23 Dutch city
- 24 Have the same tense, e.g.
- 25 Recovered
- 26 Look favorably (upon)
- 27 Tendon
- 28 The Y's have washer's
- 29 Red rind contents
- 30 Chip's chipmunk chum
- 31 Be off guard
- 32 Hellenic H
- 33 Commerce regulator: Abbr.
- 34 Foreign money



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Solution to Puzzle of Dec. 14

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automobiles that can fully qualify as "world cars." The fun-to-drive Corsa, for example, is now on the highways of over 60 countries. The combination of distinctive design, a class-leading safety package and outstanding value for money, evidently knows no frontiers. Of course, this global presence includes quite a few countries where Christmas is not a holiday at all, or even a season to be jolly. Still, as a company that takes its world-

wide commitments to heart, we feel that this would be an excellent time to wish all people of good will, wherever in the world they may be, a Happy, Prosperous and Peaceful New Year.

OPEL 

EDITORIALS/OPINION

Herald Tribune

INTERNATIONAL
PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

Milking the Government

This is the U.S. Congress that is going to wean large sectors of the society from their slothful dependence on federal largess. You know that because you hear it every day, only it turns out that they don't mean all sectors of the society, just some. There are entire industries whose access to federal lands and subsidies this Congress is busily increasing.

Thus the Senate seems about to vote on a grazing bill that in effect would turn over control of federal grazing lands to the cattle industry while barring application of a major environmental law. The bill deserves to be defeated; the greater likelihood is that it will pass. The mining industry is likewise trying to lock in its outmoded right to extract valuable metals from federal lands at so little cost as to be virtually free. California agribusiness is trying to insulate against challenge its historical access to low-cost federal water; an obscure provision to help it do so somehow found its way into the giant reconciliation bill that President Bill Clinton recently vetoed, but that will be before him again. The timber industry is back in business in the federal forests, thanks to report language on another bill.

Now come the dairy people; they want to get theirs as well. If the dairy lobbyists get their way, this will be the Congress that, having cut food stamps, raised the price of milk. Do they really want to do that? Heaven for the dairy industry is a plan that does three seemingly contradictory things at once. It allows full production but despite the abundance of dairy products keeps prices high, and it keeps prices high without buying up the surplus and showing up as a cost in the budget.

The dairy folk think they have found the way. They would increase exports; the exports would, if necessary, be subsidized by the producers themselves off-budget. Enough milk products would be sold, not to say dumped, abroad to keep the domestic market taut and prices high at the checkout counter. Some of the proceeds from those high prices would be pooled and redistributed, again off-budget, to buy off or placate those milk-producing regions that have felt themselves disadvantaged by the traditional system of supports. Although in some years federal support payments have been high, the essence of that system has been to keep prices high at the grocery store. That is where the industry has made its main money, and that is the basic arrangement that this plan would preserve.

No matter that in the process it would also retain, of necessity, precisely the kind of complex regulatory structure that Congress has pledged to strip away. In their work on farm programs this year, the Republicans confounded some of their critics and did achieve a fair amount of reform. But producers of two commodities, sugar and peanuts, pretty well held off the reformers; they were winners. Dairy wants to join them in the winners' column; think of it as the whole candy bar.

A Congress true to its principles would back off dairy price supports just as it would tighten grazing and mining law and greatly reduce the subsidization of those two industries. The congressional attitude toward these various industries is a test of true intentions. So far it is a test that Congress has pretty consistently failed.

—THE WASHINGTON POST

Yellowstone in Danger

A United Nations committee has now designated Yellowstone National Park as a "world heritage site in danger" largely because a Canadian conglomerate wants to build a huge gold, silver and copper mine less than three miles from the park's borders. The designation carries no legal weight, but it adds an international voice to the virtually unanimous chorus of opposition to the mine, which includes President Bill Clinton. Nobody seems to want this mine except Noranda, the Canadian company, and its American subsidiary, Crown Butte, which has title to the mine site and has so far invested about \$35 million in this project.

After listening patiently to the company's safety pitch, we are convinced that the proposed New World Mine is a disaster-in-waiting that could ruin one of America's leading ecosystems.

Reputable geologists say the company's proposed reservoir for storing buried liquid wastes in perpetuity is bound to crack someday, given the region's weather patterns and history of earthquakes. That would send tons of toxic material directly into the irreplaceable Clark's Fork of the Yellowstone River. Meanwhile, the mining operations will stir up underground wastes that will seep into Yellowstone National Park itself.

Government officials from Mr. Clinton on down would like to take unilateral action to stop the mine, but Noranda has legal title to the land. Therefore, as Mr. Clinton noted when he visited Yellowstone in August, he will wait for the EIS — short for "environmental impact statement" — to run its course. The EIS involves detailed scientific studies and laborious negotiations between government agencies, interested private parties and Noranda. Mr. Clinton will have to monitor this process to make sure that government bureaucrats do not bow to arguments that the mine can be made safe

on a permanent basis. The claim defies science and common sense. Unfortunately, the lead federal agency in the EIS process is not Secretary Bruce Babbitt's Interior Department but the Agriculture Department's Forest Service, which controls most of the land near the mine. The service has an unfortunate history of favoring commercial values over environmental values, and its key negotiators are sounding the same tune now. Mr. Clinton should not be timid about muscling these negotiators to give full weight to the views of other federal agencies, including the National Park Service, which think that the mine is a terrible idea.

There is a quicker way to end the controversy. That is for Noranda to walk away. It could cede the site to the government and win large tax credits or ask for a buyout equal to its investment costs. The Greater Yellowstone Coalition, a reputable environmental group composed of earnest citizens who just happen to love their neighborhood, is willing to work with the company and Washington to ease the pain of disengagement. Companies do not like to write off investments, but Noranda has to realize that it will earn lasting public condemnation if it builds the mine, and enormous public acclaim for canceling it in an act of global environmental statesmanship.

Among Noranda's principal stockholders are the two Canadian Bronfman brothers, Edward and Peter, shy and brilliant financiers who have a history of public service. Noranda itself recently published a glossy report detailing its efforts to minimize air and water pollution from its vast mining and smelter operations. What better way to demonstrate that concern than by disengaging honorably from a project that would permanently threaten America's first and most important national park?

—THE NEW YORK TIMES

America's Main Street

The panel of 14 top architects, historians, planners and sculptors meeting this week on the design of that closed section of Pennsylvania Avenue in front of the White House can do the nation a great favor. Instead of producing plans to transform the strip in front of the White House permanently, they should consider only design ideas that will allow the avenue and the perimeter of Lafayette Park to be reopened and restored to their traditional and historic role as a grand street of the nation's capital. "America's Main Street," as Pennsylvania Avenue is known, has been converted to a sidewalk by fear. That is a concession to terrorism that should not be made permanent.

Two world wars did not close Pennsylvania Avenue. Neither did the Civil War or past attempts on presidents' lives, as the White House itself has noted. The avenue stayed open despite a British invasion, and despite street riots in the 1960s. But now, because of the devastation in Oklahoma City, the history of

Pennsylvania Avenue may be erased by bulldozers. Sections of asphalt in front of the White House would be ripped up and replaced with grass; concrete planters and guard stations would proliferate. Some federal officials believe that a \$1 million face-lift with movable steel barricades will soften the harshness of what they intend to do. It will not. Do as administration planners want, and the president goes from living on a street connected by a broad avenue to the Capitol to living in a fortress surrounded by a huge park.

No one argues that the security of the president is not a paramount concern. But there is a question as to whether this kind of cordoning off of the White House in perpetuity is a proper or proportionate precaution to take. Closing off Pennsylvania Avenue for good would be an expression of defeat. The space that the government's planners would convert forever to a secure park is a street. It should remain one.

—THE WASHINGTON POST

Lots of Reasons to Get More Involved With India

By Gerald Segal

NEW DELHI — Much to the surprise of admirers of China and other authoritarian states in East Asia, India's economic growth rate is about the same as the average in the Association of South East Asian Nations, and is rapidly catching up on a faltering China.

India is Asia's third largest economy, yet it is also a vibrant democracy. If India continues to meet the challenge of achieving rapid growth in a democracy, it will transform our view of Asia and disprove the notion that only authoritarian government provides the necessary conditions for turbo-charged expansion in the region. South Korea, Taiwan, the Philippines and Thailand are already starting to show that greater democracy can go hand in hand with strong growth.

India's levels of foreign debt, budget deficit, inflation and corruption are lower than China's. It has made far more progress than China in reforming state-owned industry. It has a working federalism that Chinese reformers can only dream about. Western business in India is growing to appreciate that English is the language of

commerce there. Indian scientists, unlike China's best, stay at home. With its syncretic approach to culture, India does not claim to have values that are distinct from, let alone superior to, those of the West.

India's democracy is buttressed by the rule of law. Now that Western businesses are complaining increasingly about the lack of rule of law in China, India's market of 900 million may begin to look at least as attractive as China's of 1.2 billion.

India also offers the prospect of a genuinely multipolar Asia. Like Russia, Japan and Indonesia, India does not want to talk openly about its concerns over rising Chinese power. Yet India, Russia, Japan and Indonesia are the key points around China's rim. As India in effect abandons the outdated notion of non-alignment, it sees virtue in a multipolar balance of power in Asia.

Such thinking also offers the basis for a much closer relationship with the West. The Indian approach to international

affairs is distinctive. Although India is a poor country, it sees virtue in playing an active and constructive part in the affairs of the United Nations. India's admirably large and professional role in UN peace-keeping contrasts with China's reluctance to don blue helmets.

India has become more mature in relations with its neighbors. Gone are the days of intervention in Sri Lanka's civil war. Indian policies in Kashmir are still a cause of grave concern, but New Delhi has shown remarkable self-restraint when confronted there with Islamic militants backed by Pakistan.

Unlike China, India does not threaten to invade its neighbors or seize disputed territory. It does not test nuclear weapons or sell nuclear arms technology and other military hardware to dangerous states. Its role in diluting the potential power of militant Islam, especially in Central Asia, makes it a force for regional stability.

India surely deserves far closer military relations with the United States than does China. Even ASEAN countries would benefit from closer military links with

India. Indians are puzzled by the way they are ignored by East Asians. They often suspect that it is China and the Muslim-majority states of ASEAN that are responsible for keeping them out of regional organizations and treated like distant relatives.

India is particularly keen to develop contacts with Southeast Asian countries but senses that all except Singapore, Thailand and Vietnam want to politely brush it off. When East Asia and Europe decided to hold a summit in Bangkok in March 1996, they neglected to invite India.

Indians are abandoning their past suspicions about the West, but they need more support. Surely there is value in helping India prove that Asians can have economic growth, democracy, a multipolar equilibrium in the region and a more cooperative approach to the international society.

The writer is a senior fellow at the International Institute for Strategic Studies and director of Britain's Pacific Asia Program. He contributed this comment to the International Herald Tribune.

More Than a French Labor Dispute, but No New System in Sight

By Flora Lewis

PARIS — Three weeks into the paralyzing strike of transport workers and other public sector employees, French tempers are fraying. But what has been remarkable so far is the tolerance, indeed the signs of solidarity that the general public has shown for stoppages that are ruining many small businesses in the Christmas season and making life miserable for practically everybody.

That is conclusive evidence that this is much more than a labor dispute.

It is a social and economic challenge with deep roots, even if they are not fully articulated. And while it is taking a special form in France, because of specific French conditions and history, it reflects a crisis creeping up on most industrial societies as the profound transformations of recent years work their effect.

When the trouble started last month, there were first student demonstrations demanding much more funding for a university system that has expanded from 300,000 students when France was brought to a halt in 1968 to 2.2 million today. But 1968 was about the need for change. In 1995 the fight is to resist proposed, and necessary, change.

The government announced a plan to reform social security, the financing of the state-owned railways and some pension rights this November. Then the railway

workers went out, along with municipal transport. For the first few days, the protests were specific. But they quickly changed to a demand that the government's whole reform program be canceled. By the time Prime Minister Alain Juppé agreed to the railway workers' most immediate demands, it was not enough at all. The issue had become government's role in the economy and its relations with the public.

On one level, the widespread anger had to do with the abrupt reversal of policies promised during the presidential election campaign only six months ago. Jacques Chirac ran on a pledge to fight unemployment, heal the "social fracture" between comfortable France and its losers, and ease tax burdens.

Of course he couldn't do it. When Finance Minister Alain Madelin publicly advocated an austerity program to tackle the huge public debt and budget deficit, he was summarily fired. Mr. Juppé reorganized the cabinet and ordered practically the same program a few weeks later. People felt that the government had not only misled them but was taking them for helpless fools.

There was no serious attempt to explain and debate the situation, no effort to consult and listen to the people's fears and

priorities. With unemployment stubbornly at a distressing 12 percent, it was public sector workers who have job security who took to the streets. Significantly, a major demand of the railroad workers was cancellation of the restructuring plan and the threat of some privatization, which they foresaw would lead to lay-offs.

But private sector workers were sympathetic, because they felt that the strikers were also defending their interests in preserving the "acquis social," the welfare and entitlements system built up over nearly a century of struggle between once-unregulated capital and labor.

There is a deeper level of friction, however, and along with the need for democracy to do a much better job of explaining their economic management, it can serve as a warning to other countries facing the same problems of change made necessary by the globalized economy and the technological revolution of the late 20th century.

These problems have been the subject of academic seminars and studies for well over a decade. But now, with high unemployment, lower growth, the mountains of debt piled up over long years of government spending unrequited by revenue, they are no longer abstract. They are hitting more and more everyday lives, darkening hopes for the future.

Unfortunately, here and in some other

European countries the blame for the crunch is often shifted to the European Union and the plan for a single currency. True, the Maastricht treaty set the timing and the specific scenario. But in fact the social and economic urgencies would press and have to be accommodated even if the Union didn't exist. Now at last the government is saying that, but without convincing because there is still no acknowledgment of underlying realities.

The social critic Alain Touraine succinctly makes the point that the 20th century model for regulating society, so hard fought, has run out of capacity, overtaken by new economic relations that cannot be arranged by the state and require a new premise. But no new system has been proposed, except unbuffered exposure to a savage, impersonal market.

So, fearful of what painful reform will bring, people are defending the status quo without regard for ever more costly and painful consequences. There will be some kind of compromise, and it will hurt an economy already severely penalized by the strikes. But there will be no winners.

Global markets and high technology have changed the playing ground. The old formulas won't restore it. Mr. Touraine calls for inventing "a new kind of social democracy." France's agony is not unique.

© Flora Lewis

U.S.-British Capitalism or Europe's Model of 'Social' Capitalism?

By William Pfaff

PARIS — Newsweek has written that the strikes which currently disrupt France's society and economy are a futile attempt to deny the reality that the Europeans' "easy life" is over. The implacable evolution of the global economy means no more free universal health care in Europe, the magazine says.

And no more free universities. No more generous unemployment benefits. No more subsidized orchestras and opera and ballet companies. From now on Europeans will have to live pinched and mean lives — just like modern Americans, the magazine seems to be announcing, with grim satisfaction.

Newsweek is correct to the extent that what is going on in France, in the guise of a defense of various established privileges, or abuses, is an inarticulate refusal (which enjoys the sympathy of a majority of the French) to accept the version of capitalism now practiced in the United States and Britain.

This is not the capitalism of Adam Smith. It is the new economic ideology which has emerged in American and British universities and editorial rooms during the past 15 years.

I am not speaking of mono-

polism, which is an innovative and useful interpretation of economic forces, although certainly not a comprehensive or infallible one. I am talking about two arguments currently made in the United States and Britain, which have become extremely influential elsewhere, including in Brussels, the European Union's headquarters.

The first argument maintains that totally unfettered trade among societies at all levels of economic, social, and political development is an unqualified good and will eventually produce a better life for all who take part in this trading system.

There is no reliable evidence that this is true. The argument relies on the experience of the advanced industrial countries' trade with one another since the end of World War II. This has been trade among societies at roughly the same level of industrial sophistication.

Japan, industrially backward in 1945, subsequently prospered through a policy of domestic protectionism and exploitation of open markets in the United States and Europe, and thereby joined the ranks of the advanced industrial economies. But Japan still

resists the open trade policy demanded by Washington.

The argument expresses a theory about the future which rests upon observations made by David Ricardo (1772-1823) on the trade relationships of his day, which bear little resemblance to those of the contemporary global economy. The current empirical evidence concerning globalized trade's effect on living standards in the advanced industrial countries is negative. American living standards have fallen since 1980.

The second argument says that the sole appropriate criterion for corporate decisions is return on invested capital, and that any other consideration, including concern for the well-being of the workforce and of the community in which the corporation functions, distorts economic rationality. The concept of a "social return" on investment, or of a corporate social responsibility, is peremptorily and arbitrarily ruled out by this theory.

This, too, is sheer ideology, and a pernicious one because it tends to destroy the well-being of living people for the sake of a utopian future.

The most bizarre feature of to-

day's politico-economic scene is that capitalism, in the form currently taught in American and European schools of management, and practiced by international corporations, is behaving as Leninism and Stalinism did in the first half of this century. It is destroying the prosperity or livelihoods of millions for the sake of the promised well-being of generations to come. This is not only intellectually disreputable, it is immoral.

This economic ideology has turned American capitalism from the machine for creating wealth and improving human lives that it was from 1940 to 1980, into a machine for impoverishing society and destroying employment — to the benefit, chiefly, of a narrow class of corporate managers and a somewhat larger class of corporate investors.

The American worker without a college education made \$11.23 an hour in 1979, on average. In 1993 he made \$9.92, in inflation-adjusted dollars. The university-educated employee made \$15.52 in 1979 and in 1993 was up to \$15.71, a 19-cent gain. The average chief executive officer of a large American company made some 40 times the wage of an average worker two decades ago, and now makes 190 times a worker's salary, according to a sampling of executive compensation in 424 very large companies, cited recently in The New Yorker.

Americans have accepted a lowering of their living standards during the last decade and a half with strange docility. The French are not a docile people. The convulsion now gripping France is not a considered affair.

It is inspired by many selfish and corporatist interests among the strikers. But it also defends that European version of capitalism which is called social capitalism or "Rhinelead capitalism" (because it has been most successful in Germany).

The European model has held that social return, or social responsibility, is as important as investment return to the enterprise, and is essential to the society in which the corporation functions. This model is under intellectual and economic attack from the ideology now uncritically promulgated by Democratic as well as Republican administrations in the United States, and by Britain's Conservatives.

The battle continues, in part because the Anglo-American trade ideology is rejected by Japan and the Asian "tiger" economies, all of them protectionist in fact if not in name. The new ideology has made substantial gains in Europe, which is why this upheaval in France is so interesting.

Without intending to be so, it has become a campaign in the struggle over the social and economic future of Europe — and perhaps of America as well.

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A U.S. Responsibility to Help Wei

By Liu Qing

NEW YORK — Before the Chinese dissident Wei Jingsheng first went on trial in 1979, the authorities shaved his head — a clear sign that he was considered guilty before the proceedings had even begun. When I published the transcript of the trial to expose its absurdity, I was also sent to prison.

This time, Mr. Wei got to keep his hair, but his conviction on sedition charges on Wednesday was just as much a show trial. The 14-year sentence had obviously been set in advance.

The "evidence" presented in court revealed only what everyone already knew. The government will not accept peaceful, rational, open advocacy of democracy and human rights.

In refusing to be silent after his release in 1993, Mr. Wei gave the democracy movement new life. Although only 45, he suffers from a heart condition and high blood pressure and cannot walk more than a short distance without losing his breath. Nevertheless, he spent his six months of freedom meeting and encouraging democracy advocates.

One might assume that more than 14 years in prison would have made Mr. Wei bitter and

more radical. But in speaking with him frequently I found that the opposite was true. He consistently talked of the need for democracy to develop peacefully, from the grass roots up.

Our conversations and correspondence were cited at the trial on Wednesday as attempts by Mr. Wei to "overthrow the government."

Other supposedly seditious activities included his helping to organize an art exhibition, buying stock in a Chinese company set up to raise money for the victims of the Beijing massacre of June 1989 and their families, accepting international awards for his work, and speaking out for Tibetan self-determination.

But the action that apparently most upset the Chinese government was his meeting with U.S. Assistant Secretary of State John Shattuck in March 1994.

Just days after that, Mr. Wei was sent on an enforced "vacation" under authorities' supervision. On April 1, he was detained; he has been in custody ever since. The government denounced Mr. Shattuck, calling

the meeting "interference" in China's domestic affairs.

Thus the United States has a particular responsibility to respond strongly to Mr. Wei's conviction. The leaders in Beijing believe that there will be no serious international consequences. The Clinton administration should cancel all high-level contacts with Chinese officials — including trade talks — until China stops persecuting Mr. Wei and other dissidents.

Washington should also lay the groundwork for a strong resolution censuring China at the UN Human Rights Commission in March. This would require immediate diplomatic lobbying of the other 52 commission members.

Wei Jingsheng is more than an individual. He represents China's struggle for a free society. The government has robbed him of his youth and his health. It must not be permitted to deprive him of the rest of his life.

The writer, chairman of the New York-based organization Human Rights in China, spent 10 years in Chinese prisons. He contributed this comment to The New York Times.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1895: Succession Swap

VIENNA — Emperor Francis Joseph has the intention of changing the order of the Austrian succession as set by the Pragmatic Sanction. His Majesty desires that his daughter, the Archduchess Valeria, should succeed to the throne to the exclusion of the Archduke Charles Louis, the present heir presumptive. The succession of the House of Hapsburg-Lorraine is at present vested in the eldest son of the Emperor, falling whom in the nearest male relative. This order of succession was established by the Pragmatic Sanction negotiated in 1714 with the Great Powers of Europe by the Emperor Charles VI.

1920: Oil for France

PARIS — France has awakened to the importance of petroleum in the economic life and the defence of the country. So far she has depended upon her Allies for oil;

but the experiences of the war taught her the necessity of assuring a sufficient supply in full independence. With this object in view, a Bill has been drafted which is intended to respect liberty of commerce so far as is compatible with the effort to obtain full independence in the oil supply of the future.

1945: Bretton Woods

WASHINGTON — Secretary of the Treasury Fred M. Vinson told a news conference today [Dec. 14] that validation of the Bretton Woods Agreement was assured. The agreement provides for a world monetary stabilization fund of \$9.1 billion and an \$8.8 billion bank for reconstruction and development. The countries which have signed the agreement include the United States, China, Yugoslavia, Cuba, Venezuela, the Philippines, Ethiopia, Ecuador and Guatemala, and share a total of \$3,456 billion in capital.

Letters intended for publication should be addressed "Letters to the Editor" and contain the writer's signature, name and full address. Letters should be brief and are subject to editing. We cannot be responsible for the return of unsolicited manuscripts.



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International Herald Tribune, 181 Avenue Charles-de-Gaulle, 92521 Neuilly-sur-Seine, France.
Tel: (1) 41.43.93.00 Fax: (1) 41.43.92.10, Adm: (1) 41.43.92.12, Internet: IHT@worldcom.fr
Editor for Asia: Michael Richardson, 5 Camerbury Rd, Singapore 1211, Tel: (65) 472-7768, Fax: (65) 274-2334
Mkt. Dev. Asia: Bill D. Kromgold, 50 Gloucester Rd, Hong Kong, Tel: 852-2422-1189, Fax: 852-2422-1700
Gen. Mgr. Germany: T. Schiller, Friedhofstr. 15, 60323 Frankfurt, Tel: (49) 72 67 55, Fax: (49) 72 73 10
Pres. U.S.: Michael Comp, 450 Third Ave., New York, N.Y. 10022, Tel: (212) 752-3890, Fax: (212) 753-8785
L.A. Advertising Office: 63 Long Acre, London WC2, Tel: (171) 836-4002, Fax: (171) 240-2254
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OPINION/LETTERS

Don't Become Befuddled
By Result of Russia Vote

By William Safire

NEW YORK — Here is Genady Punditsky with my insider's forecast of Sunday's Russian election, including how to instantly analyze results, also what it will all mean.

"The Commies are coming!" is what your American headlines are screaming. Polls say Communist Party will win 25 percent of party vote for seats in the Duma. This noisy Parliament is our version of UN General Assembly — all talk, with real power remaining in Kremlin — but its election is like snow blowing in wind about presidential election next June.

Is no big deal to predict Communist "victory." With 55 million voters and 35 million hungry pensioners, any party looking back to old days of command economy will win sure vote. Forget Chechnya, forget Bosnia, forget near abroad — only issue here is hard times and whose fault.

Boris Yeltsin's fault. His party is headed by Prime Minister Viktor Chernomyrdin, big gas man. Has control of state television and Western model Claudia Schiffer in his ads. Also he is favorite of Bill Clinton (but Miss Schiffer means more). Polls predict Yeltsin party to run second, but I doubt.

As is well known, only pleasure left to most Russians is to lie to policemen, journalists and pollsters. Anyway, no polls can be published from now to Election Day; better to trust Punditsky for insights.

As example: Not for nothing did Chernomyrdin pull out of debate this week with Grigori Yavlinsky. Yeltsin saw how that reformer ground up the Communist Gennadi Zyuganov like sausage in TV debate last week, and told Chernomyrdin not to tangle with him. So why, you ask, is not democratic reformer Yavlinsky ahead in polls? Because democracy is now dirty word in Russia — means big promise of new day, but country run by the Mafia, with pensioners jealous of money-makers who can afford meat. So Yavlinsky drops intellectual talk and promises end to poverty. Also got haircut.

Crazy Vladimir Zhirinovskiy still has angry irredentist backers, and his TV ad using striptease artist was catchy, but a Yeltsin prosecutor just exonerated General Alexander Rutskoi to help him cut into the vote of Zhirinovskiy. (Does Bob Dole encourage Pat Buchanan in same way, to cut into Phil Gramm vote?)

Women's party will do well; has top spot on ballot of 43 parties. But American reporters are most fascinated with General Alexander Lebed; he is what you call loose cannon, secretly at war with Yuri Skokov, his party chief. He is like star striker on soccer team, ready to jump to another party to be candidate for president in June.

That is only real meaning of this preliminary election. Next week we will see what politicians are popular, what parties are organized; next June we will see what kind of government Russia will have.

Therefore, do not be befuddled by first stories about percentages won by parties. That's only for half the Duma delegates; the other half are local candidates who will decide what blocs to join.

I punditize that after one month, less than one-fourth of Duma will be Communist-agrarian; nearly half will be Yavlinsky's reformers, Yeltsin's former reformers, centrist industrialists and the women; the rest will be nationalists, militarists, beer lovers, lost souls and opportunists.

But these blocs in powerless Parliament will not decide direction of Russia. That power stays in Kremlin.

The blocs in Duma will set stage for June's big election. The blocs will be fluid, with Communists and Yavlinskyites and Lebedniks crossing ideological lines to make sure the Yeltsin-Chernomyrdin party in power does not postpone presidential election.

Many of Duma Outs will join to counter any attempt of Kremlin Ins worried about being prosecuted for corruption — to try to steal power in a coup.

Am I worried? No; Russia may be temporarily poor, but it has free media, restrained army and many courageous Punditskys. In this Duma exercise, we have stumbled into a system of primary elections, perfecting candidates and shaping parties for presidential election.

And if you are tempted to laugh at our 43 parties, we can boast a democratic refinement unknown to you. The 44th line on our ballot enables Russian voters to cast vote for "none of the above." Wouldn't Americans like to have such an opportunity?

Of course, it would be awkward if that party won.

The New York Times.



LETTERS TO THE EDITOR

Franc Fixation

Regarding "French Mistakes Come Home to Roost" (Finance, Dec. 8):

The writer quotes Roland Cayrol as saying that most of the French would prefer to let the franc slide and go for growth rather than to cut the budget deficit to prepare for a single European currency.

This mistake is a precondition for an alternative. Letting the franc slide and going for growth is not an alternative but should be a precondition for the tough budget cuts and for the reforms of the tax, welfare and pension systems that are needed if France is to meet the Maastricht criteria for a single currency.

A wrongheaded and long-standing fixation on a strong franc by successive French governments has led them to put the cart before the horse. They should have gone for growth first, letting the franc slide as necessary, only when they had

growth should they have gone for the Maastricht criteria. Although the needed reforms will never be popular, they would be much less difficult to swallow if employment were high. Instead, the present government is attempting to impose austerity during a recession. The results of this folly can be seen on the strike-racked streets of Paris.

The writer concludes that it is not yet too late for President Jacques Chirac and Prime Minister Alain Juppé to change their policies. Let us hope so!

JOHN E. RAY.

Fontenay-Trésigny, France.

Objects to Ads

I deeply object to the Herald Tribune's running advertisements that defend the tobacco industry. As a former smoker, and having lost several relatives and friends to diseases caused directly by smoking, I consider these ads to be inconsiderate

and immoral. What they espouse is dangerous to the public health.

JOHN LONG.

Saint Affrique, France.

Princess Diana's Gift

Regarding "Bored by Princess" (Letters, Nov. 29):

How does anyone dare to trivialize the Princess of Wales for being brave enough to talk about her bulimia? Anorexia and bulimia claim many lives every year and destroy even more families, who helplessly watch their daughters and sons going through these nightmare diseases. The princess has by coming forward given a God-sent gift to everyone who is fighting to survive their bulimia.

As for the royal family, it had already damaged its reputation long before the princess gave her interview.

SUSANNE M. LUTTERBECK.

Lugano, Switzerland.

A Brilliant Young Idealist
Left Her Mark on Many

By Colman McCarthy

WASHINGTON — Among the 1994 graduates of the Harvard School of Public Health, few had as glowing a record of academic excellence or as bright a promise of service in medicine as Vineeta Rastogi. The 26-year-old epidemiologist from Maryland was chosen by her classmates to be their commencement speaker, an honor to which she responded with 15 minutes of eloquence and idealism.

"Sectarianism," Ms. Rastogi said, "is the worst disease we face. Rwanda saw 200,000 people hacked to

death in less than a month. No disease is that cruel, that uncaring, that unremitting. Even doctors and nurses who are not killed by the hatred must flee from it. Our work, public health, becomes irrelevant when hate-filled strife becomes the norm.

"Luckily, unlike so many of the diseases we are fighting," she added, "a cure for strife exists. It is called education."

Earlier in her speech, Ms. Rastogi spoke passionately of her recent hospitalization for cancer. Many of her classmates had been praying ardently for her recovery. She was everyone's friend, a giver, a listener and someone whose thirst for social justice prompted those around her to push themselves to become better people.

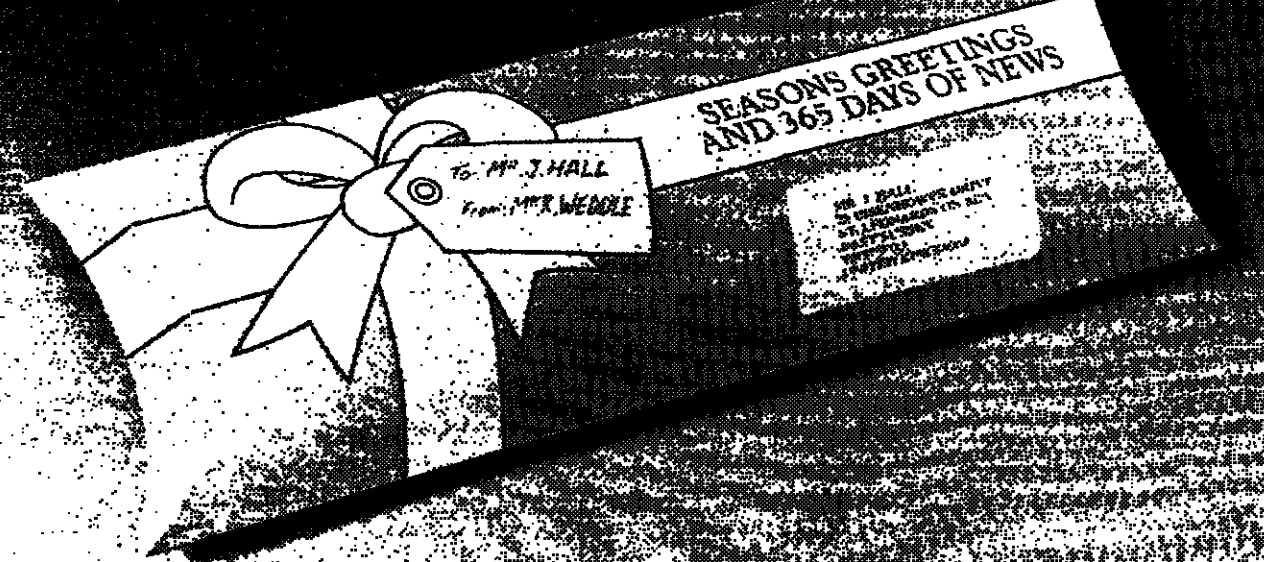
Vineeta died of cancer on Dec. 6, at home with her husband of one year and her parents. I was one of Vineeta's many, many friends, being her teacher at the University of Maryland for two semesters in 1989-90 and having her as a teaching assistant for a third. She graduated magna cum laude and Phi Beta Kappa.

When I gave Vineeta extra books to read, she would bring them back the next week and ask for more. She was every teacher's dream student. The more she read and wrote, the more questions she asked, which led to the true excitement of learning: questioning the answers.

As with many students in their early 20s who find themselves awash with talents and graces, Vineeta often wondered how and where she might use them. I suggested the Peace Corps for a start and invited Loret Ruppe, the Peace Corps director then, to speak to the class.

Vineeta was sold. Two months after graduation she was in Zaire. In Kingandu, a rural village, she lived in a mud hut with no water or elec-

The Washington Post.

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THE MOVIE GUIDE



Steve Martin in "Father of the Bride, Part II"; Bancroft, left, Robert Downey Jr., Durning and Cynthia Stevenson in "Home for the Holidays."

Father of the Bride, Part II
Directed by Nancy Meyers and Charles Shyer. U.S.

The 1991 box-office hit "Father of the Bride," a passable little caper, was essentially an enjoyable excuse for Steve Martin's comic reactions — those rubbery facial contortions, that horrified glint in the eyes. The other characters, including Kimberly Williams (Martin's daughter), Diane Keaton (his wife), Martin Short (the decorator) and George Newbern (the accused suitor), were merely conduits, excuses to get Martin steamed and flabbergasted. Well, the cast is back for "Father of the Bride, Part II," but the sequel (based on "Father's Little Dividend," the 1951 sequel to the 1950 Spencer Tracy "Father of the Bride") comes and goes with an extended whimper. Make that two whimpers. After Martin is buffeted with the news that his daughter is pregnant, he takes an even tougher blow to the chest: His wife's expecting too. It seems the older couple's recent, amorous bout in the kitchen cooked up more than they bargained for. The movie is more like an over-cute primer on family love than an outright comedy. Martin's comic charisma, which kept the first movie alive, is buried under a banal avalanche of trite comic situations. He has a few fleeting moments, his face registering those familiar double takes. When Martin has to contend with the inevitable delivery room finale doped up on sleeping pills, the situation speaks all too ironically for the movie: The flesh is willing but the script is weak. (Desson Howe, WP)

Home for the Holidays
Directed by Jodie Foster. U.S.

When Claudia Larson (Holly Hunter) goes from Chicago to Baltimore to visit her family for Thanksgiving, her parents (Charles Durning and Anne Bancroft) are poised at the airport gate, ready to film her arrival with their video camera. "I can see your roots, Claudia," her mother whispers sweetly during the car ride home. The car is marooned in traffic just then, so Claudia peers longingly into a neighboring car. A stranger, apparently another adult

child who has just been nabbed by his parents, is mouthing a cry for help. "Float, just float." That's how Claudia counsels herself during the course of this visit, but "Home for the Holidays" is not about floating. It's about being forced back into the bosom of a family that Claudia, a single mother and newly fired art restorer at a Chicago museum, has obviously gone to great lengths to escape. Staged with such smothering verisimilitude that 64 holiday turkeys were used during production (leftovers were sent to food banks), the film creates a bustling, overbearing family and a set of holiday comic options. (To name just one: the arrival of a crazy aunt, played by Geraldine Chaplin, who brings a 40-year-old secret and an M&M-topped Key lime pie.) With enough wisdom this could be funny and poignant; with too much nuttiness, it's "National Lampoon's Thanksgiving." The spirited but uneven "Home for the Holidays" winds up somewhere in between. (Janet Maslin, NYT)

Feast of July
Directed by Christopher Menaul. U.S.

When Bella Ford (Embeth Davidtz), an English Victorian woman in deep trouble, arrives on foot and exhausted in a grimy industrial town, the place is a soot-stained tinsy of Dickensian shabbiness. Here is where she believes the man who impregnated and abandoned her resides. With its ugly brick factories and cobblestone streets littered with horse manure, the town is so forbidding that it projects a palpably ominous presence in "Feast of July," even when it is subsequently shown in more flattering light. "Feast of July," a Merchant Ivory production, has the same muted tone, psychologically sensitive performances and care for period detail that characterize the team's other movies. But for all its intelligence, the film rarely catches fire. Davidtz, who is best remembered for her role in "Schindler's List," gives a workmanlike performance, but her character still remains too much of a blank. She is the Victorian Lady With No Name, a woman with a modern sensibility trapped in the wrong century. (Stephen Holden, NYT)



Souvenirs and Stocking Stuffers

International Herald Tribune

We asked some far-flung correspondents what gift they would take to friends abroad, or what they'd like to receive from the neck of the woods. Money was no object, nor was seriousness required.

LONDON

The National Trust has celebrated the new Beatles CD by buying Paul McCartney's family home in Liverpool. Others moved by one last gasp of Beatlemania can take their cash to The Beatles Shop, just down Mathew Street from the site (also the building is gone) of the Cavern Club. Billed as the world's largest purveyor of Fab Four paraphernalia, its unique offerings range from, at £1,500 (\$2,300), a John Lennon erotic lithograph, to foot-high rag dolls of the lads (£4). What arguably might have ranked as Britain's most sought after stocking stuffer — the official video of the "I want to be like you" people's hearts" interview with Princess Diana — is not to be. The planned £19.95 cassette has apparently fallen victim to that most British of afflictions: good taste. "Once we finally saw the content we realized it was not suitable as a to-have-and-to-hold item," said a BBC spokesman. "It was all a bit gritty, you know." (Erik Ipsen)

MADRID

Can't decide which bottle of Rioja to give? The 1996 edition of Spain's most comprehensive wine-buying guide should help. The "Guia de Vinos Goumours 1996" describes 2,500 Spanish wines, neatly classified by winery and with new color maps of the appellations, such as Rioja or Jerez. The book (2,400 pesetas, or \$19.50) is in Spanish but it's easy to follow the tasting panel's ratings on a 10-point scale. The book also lists its 1996 awards. Winery of the year? CUNE, from Rioja. Best young red? Artadi, from Rioja. Best aged red? The 1990 Remelluri, from Rioja. (Al Goodman)

WASHINGTON

A gift with a particularly Washingtonian touch is the "Literary Masterworks" necklace from the Smithsonian catalogue (\$35). The all-silk tie, in handsome hues of gold and sepia against a navy blue background, depicts shelves of leather-bound antique books such as might be found in the Smithsonian libraries. Newt Gingrich, the volatile and book-loving speaker of the House of Representatives, is known to count the Masterworks cravat as one of his favorites. (Brian Knowlton)

ITALY

For the knowing nose, not mere truffles this year but an entire Mediterranean landscape, miraculously captured in a spray

bottle for Hortus Mirabilis of San Quirico d'Orcia by Luigi Gianelli, known locally as il mago, the wizard. With its overtones of citron, pine, orange flower, rock rose, bergamot and lavender, Macchia Mediterranea will quietly imbue the room with more happy memories than any amount of holiday snaps and videos can hope to do. The secret lies in the sapient (and to my knowledge unique) use of entirely natural ingredients, fixing-agent included, which means that both the room fragrance and the fine, subtle toilet waters adapt to their surroundings or the person who wears them and don't leave overpowering wafts in their wake, like so many fashion perfumes do. (Kate Singleton)

BELGIUM

Beer is to Belgium as wine is to France, and at this time of year the selection gets even vaster with the seasonal bières de Noël, generally even darker and stronger than the usual brews. The rare 400 Bières Artisanales (174 Chaussée de Wavre, 1050 Brussels; tel: 512-17-88) does customized gift baskets that can include, for example, the truly local tipple of three small breweries: Quintine de Noël (Brasserie Elzevilloise, 75 Belgian francs for 33 centiliters), a bitter, drier beer made from purified malt; the caramelized Nice Chouffe from the Ardennes (Brasserie d'Achoffe, 198 francs, 75 centiliters), and the sweet Stille Nacht (De Dulle Brouwers, 96 francs, 33 centiliters), whose makers ("The Mad Brewers") produce just four beers a year, on a seasonal basis. (Barbara Rosen)

NEW YORK

If you're looking for that quintessential gift to memorialize the Big Apple, don't expect much from the big department stores except a brand name in your face — although it can always be argued that such commercialism is the real New York. Saks one-ups its tony competitors for \$35 with a charming 5-inch snow globe containing models of the Empire State Building and other landmarks including (of course) Saks' Fifth Avenue store, atop a music box tinkling the Sinatra standard, "New York, New York." Tiffany's, more tasteful, offers a crystal Big Apple paperweight for \$60. More useful would be the gift of an annual membership to the city's great art museums (\$40 for the Met, \$75 for the Modern) which combines free admission with advance notice of exhibitions and other activities worth planning a trip around. But nothing can substitute for the real thing, and this correspondent's favored gift is a \$4 ticket to the observatory atop the Empire State Building. (Lawrence Malkin)

SOUTHERN FRANCE

All I want for Christmas is a sachet — no, a huge garbage bag full, enough to make a mountain on my dining room table

on Christmas Eve — of Paul Mathieu and Michael Ray's haunting new potpourri, which they call Souvenir d'Hiver (Memory of Winter). At La Balle de Crin, the shop Mathieu and Ray opened in Aix just three weeks ago, and that they share with an upholsterer, a sachet of Souvenir d'Hiver is 65 francs (about \$13). My garbage bag would cost 100 times that. (Christopher Perkanas)

PRAGUE

To keep my figure in a country that is the beer capital of the universe, I limit myself to beer from the tap, the best of which isn't exported. That's why the gift I would choose to represent Prague would be "The Three Golden Keys," a magical children's book by painter Peter Sis — part Sendak, part Arcimboldo (who did some of his best fruitcapes in Prague for Rudolf II), but mostly Sis — in which a Czech émigré introduces his American daughter Madeleine to his native city and the strange and wonderful heritage that is her birthright. It is said to be the last book Jacqueline Kennedy Onassis edited at Doubleday and it packs her elegance. (Alan Levy)

HONG KONG

The only thing to leave Hong Kong with this Christmas is a piece of memorabilia of what it once was like. For free, there are small chunks off the Hilton Hotel, one of the few remaining landmarks, currently being demolished to make way for a taller building. Not free but cheap are five-dollar and one-dollar coins with the effigy of the Queen of England, which are being phased out. Then there is the Hong Kong flag, which will no longer fly in 1997. I made do with a flag on a T-shirt for 80 Hong Kong dollars at the fashionable "made by Chinese" department store in Central, Shanghai Tang, complete with warning: "Use before July 1st 1997." Also available are T-shirts with a PRC flag and T-shirts with a mix of both flags for those sitting on the fence. "Use on or before July 1st, 1997." A sure sellout! (Sherry Buchanan)

SWITZERLAND

Give the Matterhorn. For those who dream of but could never climb Switzerland's icily aloof and sharp-edged pyramid, the ultimate gift is a helicopter tour of the 4,477-meter summit close to the rock walls, glaciers and ridges that challenged climbers and claimed lives from the first ascent. (Air Glaciers, in Valais, offers a 45-minute trip from Sion airport for 1,062 Swiss francs, or \$900. They have gift vouchers.) At lesser prices, you find replicas of the Matterhorn on Swiss chocolates, postcards, old posters and sundry kitsch. There have been attempts to sell the Matterhorn by the chunk but Zermatt quickly put a stop to that. (Mavis Guinard)

PARIS

The mood is not festive. Forget Champagne, foie gras, chocolate truffles and those awful bûches de Noël. This is the year to give Zola to those who want to read about when "the workers" really suffered, or Proust, for those who never want to hear about "the workers" again. For nostalgists of the '60s, which as we know ended with the événements of 1968, try the new 21-CD set (we're not making this up) that represents the lifetime oeuvre of Sylvie Vartan, once married to Johnny Hallyday (about 1,800 francs, or \$360). For another kind of nostalgia, there's the two-CD set "Petit Papa Noël" by the immortal Corsican tenor Tino Rossi (254 francs): "Little Father Christmas/ When you come down from the sky/ With toys by the thousands/ Don't forget my little shoe." (Katherine Knorr)

BOOKS

AMERICA ON RECORD: A History of Recorded Sound

By Andre Millard. 413 pages. \$59.95; paperback, \$17.95. Cambridge University Press.

THE BOX: An Oral History of Television 1920-1961

By Jeff Kesseloff. 624 pages. \$27.95. Viking.

Reviewed by Tim Riley

TECHNOLOGY drives the story of 20th-century pop culture. But the way people play with it, buy and sell it, and dream up new uses for it tells us more than the science. Two key mediums — recorded sound and television — now have new histories that describe the way these devices influenced behavior and shaped attitudes about culture. "America on Record: A History of Recorded Sound," by Andre Millard, and "The Box: An Oral History of Television 1920-1961," by Jeff Kesseloff, share important themes, such as how some of the most visionary technicians get the least credit, and how

quickly their breakthroughs become taken for granted. Most entertaining to discover is the generally backward way in which these new contraptions seduced the masses. "Edison's original idea for motion pictures," Millard writes, "was as a visual accompaniment for recorded sound: the sound was the important thing." And as incomprehensible as it may seem from our vantage, early television suffered a long programming drought before enough advertisers were convinced that the medium was profitable. Only after the networks linked the coasts in 1951 did the general public begin investing in home sets to watch "I Love Lucy" and "The Milton Berle Show."

"America on Record" begins with Edison's acoustic phonograph and charts the development of recorded sound machines through the electric era of the Victor company's Orthophonic, up to today's digital compact disks. Although Millard's style is dryly academic, he is thorough and blessedly succinct, covering the rapid-fire advances of the past hun-

ded years without sacrificing the telling detail or clarifying insight. He notes how all three eras of recorded sound — acoustic, electric and now digital — were inspired by various attempts to capture and save phone messages. As far as inventions go, the phonograph, radio, video and compact disk are footnotes to the development of the telephone answering machine.

Millard also shows how consumers' needs eventually dictated engineering decisions and research priorities, although the early visionaries resisted the dictates of the market. Thomas Edison and his teams of inventors in Menlo Park, New Jersey, were only a few of the many characters competing in the fever of patent and price wars that helped turn his gramophone and later Eldridge Johnson's Victrola into worldwide phenomena. "America on Record" is a handy source book about the contributions of little-known but important industry people such as Fred Gaisberg, who used his experience in the company labs of Volta, Columbia and Berliner to travel abroad and establish London's

first recording studio. Later Berliner's chief talent scout and recorder, Gaisberg wound up recording the great Enrico Caruso in Milan.

The history of television is downright capricious. Kesseloff's history of "the box" is told as a succession of personal stories, which makes his book a chatterbox about a chatterbox. Snads Terkel doesn't just provide the storytelling mode, he's a prominent voice recalling his work as a live actor on Chicago's early television stage.

Although littered with anecdotes meant to debunk the "golden age of television" myth, "The Box" instead — perhaps inevitably — winds up romanticizing it. Kesseloff conducted more than 500 interviews to fill these pages, but only the most factual TV buff will want to wade through the entire story sequentially. In fact, you could wish Kesseloff had had Millard as an editor, to help bring shape to the cacophony, underline TV's watermarks, and work toward an economy of means that the TV industry itself has rarely achieved. If the book's key charm is the way it re-creates

WHAT THEY'RE READING

• John Towers, managing director of the Rover Group, is reading "MG" by F. Wilson McComb.

"As a teenager I could tell you the bore and stroke of most car engines. This book is a history of MG — all the way from the original Morris carriages — that gives you all the color and technical details." (Erik Ipsen, IHT)



television's chaotic early days, its weakness is that its selection of witnesses is necessarily based on who's still alive and who consents to appear. Too many of the interviewees add very little new information or can't answer all the questions a reader wants to ask. You want Sid Caesar to join Imogene Coca in the discussion of "Your Show of Shows," and Art Carney to fill in the blanks left by Jackie Gleason. By closing the book at 1961, Kesseloff's collection also won't resonate with many of TV's contemporary viewers. For his part, Millard could

have used more anecdotes of the kind Kesseloff stockpiles. While he traces the combination of chance discovery and collective effort that went into sound reproduction, the tone of "America on Record" is stiffer than vinyl. Somewhere in between these two books there's a history of 20th-century gadgets waiting to be written that explains the intricacies of the technology without sacrificing any of its pleasures.

Tim Riley, author of "Hard Rain: A Dylan Commentary," wrote this for The Washington Post.

BRIDGE

By Alan Truscott

IN the diagrammed deal from the American Contract Bridge League's Fall Nationals, Benito Garozzo's three-diamond bid showed an unspecified five-card minor suit and West thought it right to show diamonds by doubling. East later doubled three no-trump to call for a diamond lead and Garozzo, with maximum values for his one no-trump opening and a good five-card suit, confidently redoubled.

He held up his diamond ace until the third round, crossed to dummy with a spade lead to the queen and took a club finesse. If this lost he would have been defeated by at least one trick, but the gods were kind. He then crossed to dummy with another spade lead, preserving the ace as an entry to his own hand, and repeated the club finesse. He then cashed the club ace, surrendered a club to East's king, and had nine sure tricks.

In the replay the opposing South made three no-trump in more risky fashion. He won the second diamond lead rather than the third, with the ace capturing

the king, and crossed to the spade queen for a club finesse. He then tested the spades by playing the ace and king and repeated the club finesse. When neither black suit divided evenly, he led the diamond ten and forced West to lead from the heart king at the finish. But Garozzo's team gained 8 imps because of the double and redouble.

NORTH			
♠ K Q 7 2			
♥ A 10 8 6 4			
♦ 8 2			
♣ 8 7			
WEST			
♠ 8 5			
♥ K J 9 3			
♦ Q J 9 7 3			
♣ 3 2			
EAST (D)			
♠ J 8 4 3			
♥ 5 3 2			
♦ K 8 5			
♣ K 10 9 8			
SOUTH			
♠ A 10 9			
♥ Q 7			
♦ A 10 4			
♣ A Q J 5 4			

North and South were vulnerable. The bidding: East: 1NT, Pass, 2♠, Pass, 3NT, Pass, 4♠, Pass, 5♠, Pass, 6♠, Pass, 7♠, Pass. West: 1NT, Pass, 2♠, Pass, 3NT, Pass, 4♠, Pass, 5♠, Pass, 6♠, Pass, 7♠, Pass. South led the diamond queen.

Buyer Beware: Perils of Bargain-Hunting for Ancient Chinese Objects

By Sherry Buchanan

HONG KONG — Mee-Seen Loong, managing director of Sotheby's in Hong Kong, is shepherding me through the pitfalls of buying ancient Chinese objects in Cat Street and the bargain end of Hollywood Road. We're drinking cappuccino at Something Brewing, the coffee shop in Cat Street, opened by a fellow collector for the die-hards who spend their Saturday afternoons hunting for treasures a few thousand years old.

Burial objects from tombs all over China have become the latest casualty in China's rush toward capitalism, as ancestral tombs get dug up for the vases and statues they contain. Some of the contents eventually end up in Hong Kong.

As far back as the earliest neolithic graves, the Chinese started producing

goods in bronze, jade and terra-cotta specifically for burial (*mingqi*) so the dead could continue to live in the style to which they were accustomed, with servants, court ladies, horses, camels, granaries, pigs, watchtowers and mythical guardian animals to keep away the evil spirits.

The tradition lives on in Hong Kong today except that relatives burn paper objects made up of money, Chanel suits or chauffeur-driven cars.

Most of the tombs being dug up are from the Warring States period (475 to 221 B.C.) and the Han (206 B.C. to A.D. 220), Tang (618 to 906) and Ming (1368-1644) dynasties. But where archaic bronzes and jades remain rare and inaccessible except for extremely wealthy collectors, pottery grave goods (also referred to as earthenware, terra-cotta or ceramic, and different from porcelain) started appearing in the '80s on Cat Street and at the bargain end of Hollywood Road at affordable prices.

Inrept *gweilos* (the Cantonese term for foreigner), unspooked by the idea "of having unwanted house guests," as Loong describes the spirits that the more superstitious believe inhabit these figures, started collecting everything from neolithic pots to Han horses and Tang fat ladies.

Caveat emptor: The quality of these goods — not to say the authenticity — varies widely. Your best bet is to buy

■ The English, who everybody knows are very formal people, have to fly in American consultants to teach their Santas. Tom Valent and his wife Holly, who run a Santa school in Michigan, lectured 15 Santas on do's and don'ts. Smoking and drinking are don'ts.

something you like that you can afford and not to imagine that you are scoring some kind of collecting coup.

Prices vary dramatically for what look like very similar pieces to my untrained eye. It's all part of the fun for the serious collectors with deep pockets, though, who live in hope of the day — extremely unlikely — when they will find that elusive magnificent museum-quality piece even if it means acquiring a few expensive mistakes on the way.

An unglazed "reasonably good" Tang fat lady costs between \$1,000 and \$500,000, for a "magnificent" piece, Loong said. It's all in the eyes, I'm told. To sharpen my vision, I follow her advice and go to the Tsui Museum to gaze on what I am told by the experts is the best-looking Tang fat lady in Hong Kong.

Feeling more confident after my museum visit, I set off for Sing's Antique Gallery at the end of Hollywood Road. A

34-centimeter (13.5-inch) Tang fat lady, unglazed, costs 20,000 Hong Kong dollars (\$2,580). "It's for decoration only, not investment. A fantastic Tang lady costs at least 100,000 dollars," the dealer says.

With the recent boom, there has also been an increase in fakes, about 40 percent of what ends up on Cat Street and Hollywood Road. Of the remaining 60 percent, only 5 to 10 percent are considered "good" pieces in the trade. "This is a fake," says another shop owner, pointing at the four horse legs sticking up in the air out of an unpacked cardboard box. "The legs are too skinny for such a big body." That visit to the museum was obviously not enough, and I take his word for it.

It turns out there are only a couple of tips for the beginner on a Saturday afternoon on Cat Street. One is to flick the object and listen for the sound. A high-pitched tone means it comes from a "dry tomb," which makes it more expensive than an object

from a "wet tomb." Another is to look for cracks and repairs, which is not as obvious as it sounds. I pick up a turquoise-glazed 15-centimeter-high Ming dynasty pot thinking it's a perfect specimen. Wrong. It's only 6,000 Hong Kong dollars because the body is completely broken.

"Look, it's a lousy job done in China. Had it been done in Hong Kong, I wouldn't be able to see the cracks," says the dealer.

For now I settle for some miniature Ming food platters — only 115 Hong Kong dollars for some French bread look-alike loaves and 250 dollars for a pig's head. Might as well plan for my first meal when I get down there.

And by the way, who says you can't take it with you?

Sherry Buchanan is a journalist based in Hong Kong.

Go-Karting With the Royals

By Brad Spurgeon
International Herald Tribune

PARIS — I'm snuggled in a driver's seat inches from the track, coming up on a hairpin turn at 50 kilometers an hour (it feels like 300). The rain is falling in sheets. I jam down the brakes. Am I heading for a spinout? Nah. Despite the weather the track is dry... under the roof of a Paris indoor go-karting center.

The last few years have seen a global proliferation of leisure karting, as tracks move from dirty outdoor venues to clean indoor ones, with bars, pool tables, and video games as side activities. And as the indoor track has brought karting to the city, it is drawing a new public: the professional in his early 20s to early 40s, with more money than time to spend on leisure.

Indoor karting is said to have started in 1986 in England, where Martin Howell was entertainment manager with the London council, and trying to find activities for young offenders. He created the first indoor track, and when the program ended, he decided to open it to the public. Howell's Playhouse Pro Racing has gone from offering karting as a delinquent's activity to a Royal Family activity: Princess Diana and her children, William and Harry, were regulars.

The bug spread from Britain to New Zealand in 1989, where there are now at least half a dozen centers. But Europe continues to be the world leader. France created the annual indoor karting championships in Paris's Bercy stadium in 1993, featuring drivers from Formula One. This caused an explosion of indoor centers in Paris, from none to nearly 10 in two years.

Most of the world's leisure tracks offer four-stroke 160cc engines that are sluggish for pros. Paris's Pin Kart, however, specializes in the plucky two-stroke engines like those that Formula One drivers use. At Bercy, Marc Perissin Fabert started this approach in Toulouse in 1994 after working in the 1980s as a communications director of the Paul Ricard Formula One track on the Côte d'Azur. "We did a study," he said, "and found that one of the main things that prevented people from taking part in automobile sports was simply the great distance from the city of most tracks. I thought wouldn't it be interesting to have a racing track in a city, under a roof?" His Paris track opened last June, and he is studying sites elsewhere in Europe.

Outdoor karting is a complicated affair in Switzerland with its strict safety and pollution regulations. Indoor Karting in Bern, therefore, is on the second floor of a building and uses exclusively electric kart engines.

One of the founders, Marcus Raetz, says that electric karts can go faster indoors with the usually smaller tracks than the gas engine karts. "You have the same horsepower at 10 kilometers an hour as at 200," he said.

Britain remains the country with the most indoor tracks — more than 100 — and karting there has become the latest corporate entertainment craze. "Eighty-five percent of my business," said Howell, "is companies who want to entertain clients, entertain their staff, motivate their people."

While indoor karting allows clients to race all year round, for the owners it is not as simple to maintain as the traditional outdoor track. "We have very strict safety conditions to meet," said Perissin Fabert. "With 160,000 cubic meters of air extraction an hour, the air in the center is replaced six times every hour. We have carbon monoxide sensing devices and the moment it goes past the safety limit we are ordered to stop the karts."

That's not what I want as I come up to the finish line with victory in sight, and the certainty that I will take on Michael Schumacher this weekend in Bercy... well, at least in my daydreams.

AUSTRIA

Vienna
Kunsthalle Wien, tel: (1) 586-6776, open daily, To Feb. 4: "Glasbe, Holznagel, Lichte, Tod." Works by Dürer, Fra Angelico, Bacon, Bellmer, Newman, Smithson and Andy Warhol illustrate how artists have dealt with Christian ideas and imagery.

BELGIUM

Antwerp
Hessenhuis, tel: (3) 232-8428, To Jan. 28: "Dans l'Esprit de Fluxus." The Fluxus movement was founded in 1962 to unite members of the extreme avant-garde in Europe and later in the U.S.A. Features works by Joseph Beuys, Claes Oldenburg, and Name June Paik.

BRITAIN

London
National Gallery, tel: (171) 839-3321, open daily, To Feb. 11: "The National Gallery in World War II." Photographs, posters, letters and film document how the collection was stored in state houses in North Wales, how the gallery displayed contemporary works and was used as a concert hall, and how the collection returned only nine days after Germany's surrender.
Royal Academy of Arts, tel: (171) 434-5615, open daily, Continuing/To Jan. 28: "Africa: The Art of a Continent."

Whitechapel Art Gallery, tel: (171) 522-7878, closed Mondays, To Jan. 25: "Emil Nolde." Paintings, watercolors, drawings, prints and applied art objects by the German Expressionist (1867-1956) that take in the range of Nolde's themes: symbolic landscapes, Biblical narratives, night life in Berlin and eroticism.

FRANCE

Mantes
Musée des Beaux-Arts, tel: 40-41-55-65, closed Sundays, To March 17: "Les Années Romantiques, la Peinture en France de 1815 à 1850." 180 paintings and etchings by Ingres, Chassériau, Horace Vernet and Louis Boulle, among others.

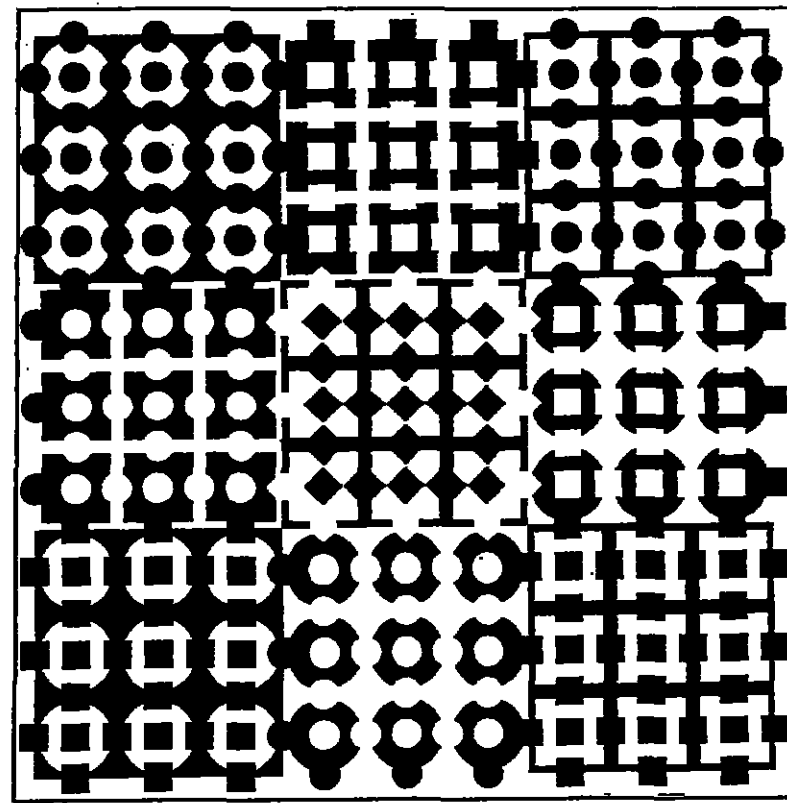
Paris
Cité des Sciences et de l'Industrie, tel: (1) 38-83-22-30, closed Mondays, Continuing/To May 13: "Les ingénieurs de la Renaissance, de Brunelleschi à Léonard de Vinci." A discovery of Renaissance engineers and architects.

Galerie Nationale du Grand Palais, tel: (1) 44-13-17-17, closed Tuesdays, To Feb. 19: "Sérénité, Terre ou Bouddha: Dix siècles d'Art sur la Route de la Soie." Documents the expansion of Buddhism along the Silk Road and its impact on artistic life from the 1st to the 10th century.

Musée Carnavalet, tel: (1) 42-72-21-13, closed Mondays, Continuing/To Feb. 11: "Robert Doisneau." Musée du Louvre, tel: (1) 40-20-51, closed Tuesdays, To Feb. 19: "Réserve." Les "Réserve" du Louvre, tel: (1) 40-20-51, closed Tuesdays, To Feb. 19: "Réserve." More than 70 engravings and drawings, from Dürer to Dubuffet, featuring blank spaces intentionally placed on the paper or the canvas by the artist.

ITALY

Milan
Fondazione Antonio Mazzotta, tel: (2) 878-197, closed Mondays, To Feb. 11: "Andy Warhol." More than 200 paintings and prints, including



Vasarely's "Binary," shown in Lausanne; 1962 Fluxus performance, as documented in an Antwerp exhibition.

GERMANY

Berlin
Alte Museum, tel: (30) 21-50-23-76, closed Mondays, To Jan. 7: "Archi-tecturmodelle der Renaissance: Die Harmonie des Bauens von Alberti bis Michelangelo." The architectural effervescence which took place in Italy between the construction of the cathedral in Florence and that of St. Peter in Rome, is documented through a large selection of models and drawings.

GREECE

Athens
National Gallery, tel: (1) 7235-875, To April 8: "Russian Avant-Garde, 1910-1930." From the George Costakis collection now in the Tretyakov Gallery in Moscow, a selection of paintings and drawings by Popova, Kandinsky, Chagall, Malevich and Tatlin.

ISRAEL

Jerusalem
Israel Museum, tel: (2) 709-811, open daily, Continuing/To Dec. 30: "Gerhard Richter: Paintings." Landscapes, portraits and still lifes as well as abstract works dating from 1965 to 1994.

ITALY

Milan
Fondazione Antonio Mazzotta, tel: (2) 878-197, closed Mondays, To Feb. 11: "Andy Warhol." More than 200 paintings and prints, including

some of the celebrated icons, as well as lesser-known advertising drawings or series such as "Toy Paintings."

Tesoro alla Scala, tel: (2) 80-91-80, "Die Zauberküche." Conducted by Riccardo Muti/Philippe Auguin, directed by Roberto De Simone, Dec. 17, 19, 21, 23, 25 and 31.

THE NETHERLANDS

Amsterdam
Van Gogh Museum, tel: (20) 570-5200, open daily, Continuing/To Jan. 21: "Franz von Stuck: Paintings and Sculptures." 60 paintings, 15 sculptures and some pieces of furniture explore the versatility of the German artist (1863-1928).

POLAND

Warsaw
Centre for Contemporary Art, tel: (2) 625-0522, closed Mondays, To

Feb. 14: "Piotr Jasna." Works by a young Polish artist who expresses his creativity through paintings, photographs and installations.

SPAIN

Barcelona
Fundació la Caixa, tel: (93) 404-6073, closed Mondays, To Jan. 28: "Mirada: Works, 1965-1985." The first retrospective of this Catalan artist whose work is distinguished by its transitory nature. The show offers a selection of objects created from the mid-1960s to his installations in which color, food and ritual are the main aspects.

Madrid
Museo Nacional Centro de Arte Reina Sofia, tel: (91) 467-5062, closed Tuesdays, To Dec. 24: "Modigliani: Dibujos de la Colección Paul Alexandre." 200 drawings and watercolors.

SWEDEN

Stockholm
Royal Opera, tel: (8) 24-82-40, "Alde." Conducted by Maurizio Barbacini, Dec. 20 and 26.

SWITZERLAND

Lausanne
Musée Olympique, tel: (21) 621-6511, closed Mondays, To Feb. 25: "Victor Vasarely: 50 Ans de Création." A retrospective of the works of the Hungarian-born painter. Fifty paintings show the artist's belief that aesthetically designed geometry can represent the universe.

Lucerne
Kunstmuseum, tel: (41) 410-9040, closed Mondays, To Feb. 25: "Cindy Sherman: Photographs 1975-1995." The contemporary American photographer features her in theatrical

composed photo tableaux, and marries humor, imagination and the camera's objective realism.

UNITED STATES

Los Angeles
Museum of Contemporary Art, tel: (213) 626-6222, closed Mondays, To March 24: "Signer Polka Photoworks: When Pictures Vanish." More than 100 photography-based works from the mid-1960s to the present, moving from realism to abstraction.

New York
Metropolitan Museum of Art, tel: (212) 570-3791, closed Mondays, Continuing/To Dec. 31: "Goya at the Metropolitan." 15 oil paintings by Goya, a few of which have been de-stabilized and others which remain subject to controversy.
Metropolitan Opera, tel: (212) 362-6000, "Tchaikovsky's 'Queen of Spades.'" Conducted by Valery Gergiev, with Maria Guleghina, Leonie Rysanek, and Gergiev Grigorenko, Dec. 27, 30 and Jan. 2.
National Academy of Design, tel: (212) 426-1711, closed Mondays, To Jan. 14: "Edward Munch and Harald Sohlberg: Landscapes of the Mind." More than 150 paintings, drawings and prints by the Norwegian artists.

Philadelphia
Museum of Art, tel: (215) 684-7860, closed Mondays, To Dec. 31: "Constant Brancusi: 1876-1957."

Washington
National Gallery of Art, tel: (202) 737-4215, open daily, To Jan. 28: "Winslow Homer." More than 200 works including oil painting, watercolors, drawings and prints by the American artist (1836-1910).

CLOSING SOON

On Dec. 17: "Famess: Arte e Collezionismo." Museo di Capodimonte, Naples.
On Dec. 17: "From Poussin to Sauter: French Drawings from the Collection of Louis-Antoine Prat." The Ashmolean Museum, Oxford, England.
On Dec. 17: "Maestri dell'Invenzione: Disegni italiani del Rinascimento." Istituto Universitario Olandese di Storia dell'Arte, Florence.
Dec. 18: "Charles-Louis Cloussieu (1721-1820): Dessins du Musée de l'Histoire, Saint-Petersbourg." Musée du Louvre, Paris.

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INTERNATIONAL

Japanese Freeze Doom Cult Assets

Prime Minister Approves Move to Disband Group

TOKYO — Japanese officials on Thursday froze the assets of the doomsday cult accused of gas attacks on the Tokyo subway. Separately, Prime Minister Tomiichi Murayama approved a Justice Ministry request to disband the beleaguered Aum Shinrikyo sect under a strict 1952 anti-subversion law.

Argentina Closes In on Terrorists

BUENOS AIRES — Argentine investigators hope that a black-market trail of stolen military arms will lead to terrorists who set off a powerful bomb at a Jewish community center here last year.

The explosion killed 86 people and demolished the community's seven-story building. Authorities have blamed Iranian-backed Muslim fanatics; no one has been formally charged. But new arrests this month have revealed that a judge and prosecutors are pursuing the possibility that explosives used to detonate the bomb may have been supplied by a ring trafficking in army weapons. The prosecutor, Eamon Mullen, said Tuesday that the 14 people arrested — including seven noncommissioned officers on active duty — had been charged with illicit association and illegal possession of arms. "There is some evidence that, in a way, leads to the suspicion that they could be linked to, or have knowledge of, whoever carried out the attack," Mr. Mullen said.

"I believe we are close — close to finding out who were the authors." He added that the investigation into the trafficking ring was "just beginning" and that no proof has been found, so far, that its members had any links to terrorists from the Middle East. Judge Juan José Galeano, the investigating magistrate in the case, has ordered the detention of a legislator, Emilio Pedro Morello, a former army captain and secretary-general of Modin, a rightist political party. Mr. Morello is protected from arrest by congressional immunity. News reports have said Judge Galeano received wiretap reports linking Mr. Morello to the arms-trafficking ring. Mr. Morello denies any involvement.

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Asians Avoid Official Criticism of China Over Wei

International Herald Tribune

BANGKOK — In contrast to the sharp comments in the West, most Asian governments were circumspect in their reaction Thursday to China's sentencing of the dissident Wei Jingsheng to 14 years in prison for subversion.

The restraint may have as much to do with China's growing might as it does with the practice in Asia of being less eager than Westerners to pass public judgments on their neighbors' internal affairs, especially when it comes to human rights.

The only leader in Asia proper who spoke out was not even Asian: Governor Chris Patten of Hong Kong. He cautioned China that it should "consider the impact" on public morale in

the British colony in advance of Hong Kong's return to Chinese sovereignty in 1997.

Leaders of ASEAN, the Association of South East Asian Nations, who will hold their first meeting Friday with their counterparts from Laos, Cambodia and Burma, avoided all reference to the fact that Mr. Wei, whom Western governments consider a victim of political persecution, had been sentenced in a trial that again called into question the rule of law in China.

While some Southeast Asian officials are privately critical of China's human rights record, the fact that ASEAN had invited General Than Shwe, the head of the Burmese military regime, to Bangkok meant that

any public criticism of China was out of the question, analysts said.

One of the cardinal principles of ASEAN, and one of the main reasons it has proven to be such a durable and successful regional organization, is that its members very seldom criticize each other's internal affairs.

"They don't want to invite intervention in their domestic affairs by China, the U.S., the European Union or anyone else," said Jusuf Wanandi, chairman of the supervisory board of the Center for Strategic and International Studies in Jakarta. "So they make sure they don't interfere in the affairs of other countries."

Analysts said that China's proximity, and its growing economic and military power in the region, also

contributed to East Asia's silence. The mute capitals included Tokyo,

where Prime Minister Tomiichi Murayama on Wednesday did not hesitate to give Fidel Castro, the visiting president of a small and distant Cuba, a lesson on civic freedoms.

A Japanese diplomat with responsibility for Chinese affairs said, in all apparent seriousness, that human rights were indeed universal, but Japan could not make any comment on Mr. Wei as it "does not know the details" of his case, Agence France-Presse reported from Tokyo.

In both Hong Kong and Taiwan, things were different. Concerns there focused more on the process that led to Mr. Wei's imprisonment than on the severity of the sentence.

Facing a return to Chinese rule in 18 months, Hong Kong has grown increasingly nervous about Beijing's behavior on human rights and about signs of its willingness to protect the British colony's legal system from political interference. Mr. Wei's case sparked widespread concern.

"We are shocked and saddened to learn of the verdict," said Martin Lee, chairman of the Hong Kong Democratic Party and a local legislator.

In Taiwan, where Beijing has matched strong demands for reunification with increased shows of military strength, the government's criticism of China was muted. But local legislators from all parties united in condemnation of the mainland government's action.



DAYS OF ANGER — French fishermen on the Bay of Biscay destroying their catch Thursday to protest low prices.

FRANCE: Some Trains Run as Strike Solidarity Seems to Relax

Continued from Page 1

were on strike. Three of the capital's 13 subway lines were running intermittently, and the transit authority said it was making safety checks on trains idle since Nov. 24. But the French radio said union activists were blocking trains in the subway.]

But the strikes appeared to continue in most cities. About a quarter of salaried workers of the state-owned electric utility stayed away, as did 8 percent of the teachers and 5 percent of civil servants.

Marc Blondel, head of the Workers Force union, a leading figure in driving the momentum of the strikes, said direct talks

the prime minister offered to hold with the unions on Dec. 21 should begin immediately.

The leader of the other major union, the Communist-led General Confederation of Labor, also warned that if talks failed the consequences would be grave. He demanded that all issues from employment to health care be addressed forcefully.

Street traffic gridlock in Paris continued all day, forcing heads of states and foreign ministers, in the capital to sign an agreement for peace in Bosnia, to fly in helicopters over the traffic jams to attend the ceremony. They landed on a hastily created heliport on the Esplanade des Invalides, in the heart of Paris.

BOSNIA: Silent Signing

Continued from Page 1

tween the Federal Republic of Yugoslavia and Bosnia-Herzegovina within 60 days.

But Croatia and Yugoslavia, which now consists of Serbia and Montenegro, did not recognize each other. Diplomats said they had not reached agreement on exchanging land in the Prevlaka Peninsula in southeast Croatia for greater security around the Bosnian coastal city of Split.

But the officials said the two did agree to choose Jacques Klein, a U.S. diplomat, to head the UN transitional authority in the Serbian-occupied Croatian province of eastern Slavonia, which Mr. Tudjman has threatened to take back by force.

The UN secretary-general, Boutros Boutros Ghali, who said Wednesday that he was against keeping Belgian and Russian UN peacekeepers in eastern Slavonia, told the conference Thursday that the situation was fragile, but American officials said he appeared to be backing off his opposition.

Because of tremendous traffic jams created by a three-week public transport strike, dignitaries had to come in by helicopter from Orly Airport to the Foreign Ministry.

Mr. Chirac insisted on having the signing ceremony at the Elysee despite the strikes, in part to stake a French claim to credit for the agreement.

There, as reports came in of shelling in Bosnia, the assembled officials scurried around with cellular phones trying to get details.

A diplomat said that they decided against issuing a statement condemning the incident because it did not appear to be very serious.

FLUNK: The Maastricht Test Produces Some Unexpected Winners

Continued from Page 1

President Jacques Chirac, "but in public they have to keep promising 1999."

Paradoxically, these concerns will probably be brushed aside on Friday, when Chancellor Helmut Kohl of Germany and Mr. Chirac steer the direction of the European Union summit meeting in Madrid.

The meeting is expected to reconfirm plans to inaugurate European monetary union by 1999. Leaders are also likely to agree on a name for the currency, and they could promise to follow a set of ever-tougher fiscal conditions demanded by Germany even after the start of monetary union.

But what do the Maastricht conditions really mean? And what would happen if they were applied to other countries around the world?

The most surprising result — based on an analysis of figures provided by the Organization for Economic Cooperation and Development — is that how-ever worthy the criteria may be, they provide absolutely no guarantee of good economic performance.

The fast-growing, powerhouse economies of Asia, including China, Korea and Taiwan, for example, would all flunk the Maastricht test on the criterion of inflation. Mexico,

hardly a paragon of economic brilliance, would in turn have passed the Maastricht deficit test with flying colors a year ago, just as it was heading into its worst economic crisis since 1982.

"Countries like those in East Asia are still at a stage of development where rapid inflation is part of the growth process," said Stephen Potter, a senior official at the OECD in Paris.

"We would normally say that low inflation and sound public finances are preconditions for growth in mature economies, such as those in Europe. But they are not sufficient."

Julian Jessop, a European economist at HSBC Markets in London, said: "The Maastricht criteria are fairly arbitrary and are not orthodox criteria aimed at producing economic success. Having low inflation or a low deficit does not guarantee it. In fact, one finds that high inflation is often a result of economic success."

The Maastricht criteria include keeping public sector deficits to 3 percent of gross domestic product, total debt to 60 percent of GDP, inflation to no more than 1.5 percent above the average of the lowest three rates in the EU, and also meeting criteria on currency stability and interest rates.

The inflation rates that cause

countries like China and South Korea to flunk are indeed signs of rapid economic growth, in countries that otherwise meet the criteria of having very low debt and deficit levels.

Running the Maastricht numbers on non-European countries is not, of course, a perfect science. Among the caveats is the fact that Maastricht was a politically motivated decision and it was designed for currency union, and for European governments.

"In a sense," said Alison Cottrell, an economist at PaineWebber in London, "the Maastricht criteria plus the independent central banks and the integrated financial markets are a recipe for slow growth and low inflation, which is the exact opposite of what you could hold up as a tiger economy that has fast growth and a high savings rate."

Ms. Cottrell noted that the Maastricht criteria "were designed for a Europe that doesn't exist anymore, for a 12-member Europe, experiencing 1980s-style high growth and looking to medium-term employment growth that never came." Or, in other words, "those who signed the Maastricht treaty thought things were supposed to get better before the next elections."

Brendan Brown, a senior economist at Mitsubishi Fi-

CHINA: Strength or Insecurity?

Continued from Page 1

to all dissidents in China," said one political reform advocate who emerged Thursday morning from house arrest imposed during Mr. Wei's trial. "It made all dissidents think that if they continue to engage in the same activities as those of Wei, they will face the same punishment," he said.

Liu Binyan, the crusading journalist who was kicked out of the Communist Party in 1987, said that most Chinese today were indifferent to politics. And so, he said, dissidents do not represent any threat to the government.

"But since they are symbols of political change, he said, 'severe punishment of them can serve to frighten ordinary people.'"

Thursday afternoon, the Foreign Ministry spokesman, Chen Jian, lashed out at the U.S. Congress, whose resolutions condemning the persecution of Mr. Wei and Tibetan religious figures had, he said, "aroused utmost indignation of the Chinese people."

"We strongly condemn these malicious moves by the American side, which constitute a serious infringement on China's sovereignty and interference in China's internal affairs," he said.

"China's sovereignty and territorial integrity brooks no in-

terference," Mr. Chen added.

The American sinologist Michael Oksenberg, who served in the Carter White House as an adviser on China and who frequently travels to Beijing, suggested Thursday that China's heavy display of biceps and the very toughness with which its leaders are handling their affairs betrays "deep insecurity" that the legitimacy of Communist Party rule is flagging.

"What tremendous sense of vulnerability tells them to take some six-year-old kid in Tibet and kidnap him?" asks Mr. Oksenberg. "This is not a sign of super confidence, nor is it a sign of confidence that they act as if one man," Mr. Wei, "can threaten the whole regime and so they put him in the slammer for 14 years."

"What does that tell you about their psyche?" Mr. Oksenberg asked again.

The answer for him and for a number of other China specialists watching events unfold this fall is that President Jiang Zemin and Prime Minister Li Peng are at the center of a weak collective leadership that is anything but settled as the death of Deng Xiaoping, age 91, approaches.

Even though the conventional wisdom in Western capitals is that Mr. Jiang has consolidated his power atop the 53-million-member Communist Party, Chinese and Western sources report that Mr. Li continues to demonstrate that he is a tenacious fighter who has greater command of policy issues, who shapes the internal debate and who wields power within the state and party machinery far more effectively — his critics say viciously — than the president.

"I contest the basic notion that everything is in order in this leadership," Mr. Oksenberg said. "It is a very vulnerable system right now," he said. "The civilians in the party recognize that they are presiding over rapidly eroding institutions. They can bluff and bluster, but the party has ceased to be an instrument of revolutionary rule and, instead, has become a machine party, a dispenser of patronage, a social base for the ruling class."

That is not a durable position for a party to be in," Mr. Oksenberg said, "and it is now only propped up by the people who have the guns."

It is now more clear than ever that a drumbeat to discipline Taiwan militarily and force the renegade province to reunite with the mainland is coming from the People's Liberation Army and not from the civilian leadership.

Over a recent dinner, the son of one of China's most famous military leaders, asserted that if Mr. Jiang failed to stand up for Chinese sovereignty over Taiwan, "Jiang Zemin could be changed; it would not be a big thing. We have a collective leadership."

MONA LISA: To Art Sleuths, It Appears Her Pastoral Background Came From Tuscany

Continued from Page 1

observation, historical research and computer technology to pinpoint the location of the landscape: in eastern Tuscany, practically in view of a superhighway near Arezzo, 60 kilometers southeast of Florence. And the site, the researchers

fear, will be partly flooded when the level of a nearby dam is raised soon.

In a coming article, Carlo Starnazzi, a University of Florence paleontologist, says the lake to the left of the painting is Lake Chiana; what seems to be a winding road is a canal that links the lake to the Arno River; to the right is the Burgiano Bridge, a medieval stone structure that spans the Arno and is still open to traffic. And the mysterious peaks? Not mountains at all, but a group of eroded hills that also happen to stand near Arezzo.

"It's all right here within a few miles of each other," said Mr. Starnazzi. "And Leonardo knew this area intimately."

Italian towns still compete for cultural supremacy. Arezzo can already boast treasures — in particular, a series of frescoes painted by Piero della Francesca — but it is dominated by larger, more glorious Florence. Claiming a piece of the "Mona Lisa," even by way of nature, would be a kind of compensation.

"We can be proud that our area contributed its own beauty to da Vinci's vision," said Alessandro Boncompagni, the culture adviser to Arezzo, whose office has been flooded with calls about the landscape.

It might even bring in more tourists. A sign at the bridge boasts that Burgiano is a "link between Arezzo and Paris," where the "Mona Lisa" is displayed in the Louvre.

Mr. Starnazzi's study continues an Italian tradition of trying to place landscapes.

In the 19th century, researchers felt that the widely traveled Leonardo lifted the "Mona Lisa's" scenery from the Veneto or Friuli regions in northeast Italy, where peaks of the Dolomite range of the Alps could stand as models for the mountains.

More recently, researchers put it near Milan, where Leonardo spent many years and where Lake Como might be regarded as the model for the flat water, a local river for the winding stream and the Alps to the north for the summits.

Arezzo's claim stems from a painful episode rich in Renaissance intrigue. In 1502, the city revolted against Florentine control and contracted for the military services of Cesare Borgia, who hired da Vinci as a military engineer. Leonardo was Florentine, but taking a job for Arezzo posed no patriotic problem; he went to the highest bidder.

"He was very Italian in this sense," Mr. Starnazzi remarked. Borgia conquered the Florentines in June, but sold Arezzo back to Florence a month later and da Vinci's project to redesign waterworks for Arezzo was canceled.

Nonetheless, in the course of his visit he mapped out the region, with all its rivers and lakes, drawing on that map little landmarks, including the Burgiano Bridge.

"Our case is as good as any," insisted Mr. Starnazzi.

He began his research after a friend, Cesare Mafuzzi, surmised that the Burgiano Bridge was the one in the "Mona Lisa."

Looking south, the Chiana canal enters above the bridge much as a stream seems to enter the river in the painting. The lake in the painting appears to be in the same position as the actual lake.

But how might Leonardo have gotten such an interesting view?

Mr. Starnazzi discovered that a castle once stood about a mile and a half from the bridge, and he decided that Leonardo would probably have surveyed the terrain from it.

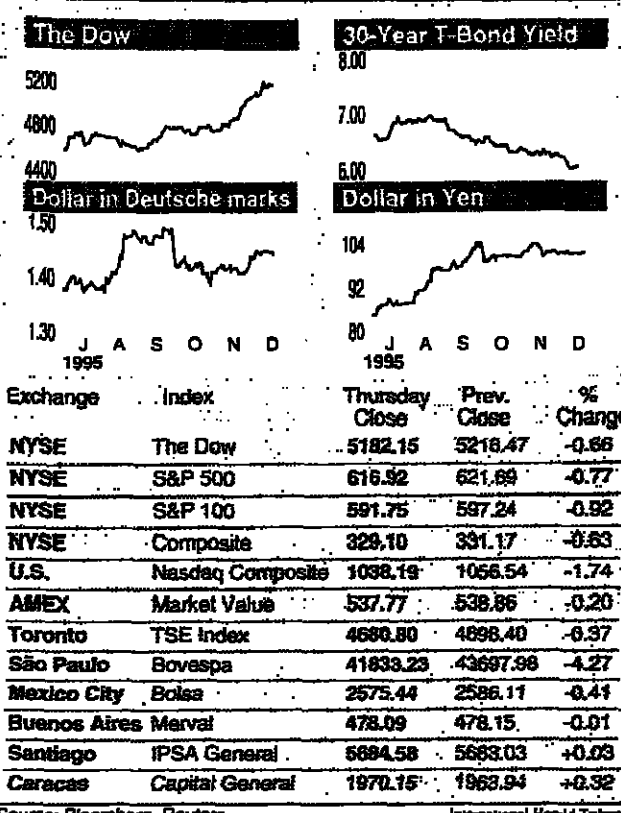
Mr. Starnazzi then rigged up computer models to approximate how the area might have looked from the castle vantage point.

It looked, he said, pretty much like the scene in "Mona Lisa."

For investment information
Read THE MONEY REPORT
every Sunday in the HT

THE AMERICAS

Investor's America



Very briefly:

Fore Systems Agrees to Buy Alantec

SAN JOSE, California (Bloomberg) — Alantec Corp. said Thursday it would be acquired by Fore Systems Inc. in a stock swap valued at about \$716 million.

Under terms of the transaction, each of Alantec's shares outstanding will be converted into one Fore Systems share. Alantec will become a wholly owned subsidiary of Fore Systems. Fore Systems makes computer networking equipment based on so-called asynchronous transfer mode technology, which speeds the transmission of computer data through networks. Alantec makes network switches, devices that improve the performance of local-area computer networks.

Oracle Corp. posted a 46 percent increase in earnings for its second quarter, ended Nov. 30, to \$136.9 million from \$93.9 million a year earlier, slightly higher than analysts had expected, on strong sales of database software.

Canada plans to sell state-owned operations of the St. Lawrence Seaway to private investors.

Polaroid Corp. is considering cutting 2,000 jobs under a restructuring being prepared by its new chief executive, Gary DiCamillo, the Boston Globe reported.

McDonald's Corp. saw record international growth this year, having added 1,300 restaurants outside the United States.

WellPoint Health Networks Inc. and Health Systems International Inc. are in talks to end WellPoint's proposed \$1.89 billion acquisition of Health Systems after failing to resolve their differences.

Bloomberg, Reuters

Court's Hard Ruling for Rock Cafe

By Calvin Sims
New York Times Service

BUENOS AIRES — When Charles Lewis, a British developer, was looking for new countries in which to open Hard Rock Cafe franchises, Argentina seemed ideal: It has a large middle class that prides itself on keeping up with trends.

Mr. Lewis, whose family owns Hard Rock Cafe outlets in Puerto Rico, St. Thomas and the Bahamas, was right. Since opening two months ago, the restaurant, which features rock-and-roll memorabilia, has been drawing about 10,000 patrons a week.

But the long lines of air-guitar-playing customers disappeared last week, after an Argentine judge issued an order restraining Mr. Lewis's use of the Hard Rock Cafe name.

A group of local business people had asked the court to bar Mr. Lewis from using the name, which they say they acquired

from an Argentine woman, Theresa Huss, who they say registered it as a business trademark in 1986.

The first Hard Rock Cafe opened in London in 1971.

The judge, Armando Voces Conesa, sent court officers to the restaurant, where they hung large black-and-white sheets over the Hard Rock Cafe logo.

While the cafe is still open for business and continues to sell Hard Rock Cafe T-shirts and other merchandise, Mr. Lewis said he had seen a 40 percent drop in sales.

Mr. Lewis, who said he had spent \$8 million to acquire the franchise rights and build the restaurant, said the legal action was an attempt to unfairly exploit the trademark. He expressed particular anger that a judge would grant a restraining order to people "who clearly have no plans to open a restaurant using the logo."

"It completely mystifies me that a court that is in such need of foreign investment would treat a potentially lucrative

business this way," he said. Roger Pynn, a spokesman for Hard Rock Cafe International, would not say whether it had investigated Argentine copyrights. But he said the company planned to vigorously defend its copyright.

Hard Rock Cafe International has appealed the restraining order.

Argentina is a signer of the Paris Convention and the General Agreement on Tariffs and Trade, which protect copyrights and trademarks from opportunistic individuals who seek to register international trademarks in developing countries.

Lawyers for the business group that requested the restraining order could not be reached for comment. There is no listing for Theresa Huss in the Buenos Aires phone directory.

It could not be learned on what basis the judge had issued the restraining order. He did not return telephone calls to his office, and calls to the Justice Ministry press office were not returned either.

EMU: Single Currency in '99? Murmurs of a Delay Growing Louder

Continued From Page 1

Jacques Chirac reiterated their determination to enter a single currency in 1999 at the French-German summit meeting in Baden-Baden last week.

If Europe were to postpone the deadline now, "you take away the pressure that's needed to arrive at courageous decisions," said Werner Hoyer, Germany's minister for European affairs.

Still, calls for postponement have grown in recent days as a slowdown in the European economy and the strike by public workers in France against austerity plans have fueled doubts that enough EU countries can

meet the strict budget criteria for a single currency.

In Paris, a leading French parliamentary figure told a reporter Thursday that he believed the best solution would be "a moratorium" on the introduction of a single currency. He said the problem with a moratorium was finding a government willing to take responsibility for calling for one.

The pressure from the streets of France's major cities was reflected in a front-page editorial in the newspaper Le

Monde, which urged EU leaders to consider delaying monetary union until 2001. Trying to meet the single-currency criterion for low budget deficits "could plunge Europe into a fearful circle of recession and trigger a new burst of unemployment," it warned.

Oskar Lafontaine, the new leader of Germany's opposition Social Democratic Party, also urged a delay in the timetable, saying Thursday that the drive toward a single currency was "a radical, radical undemocratic way the Union has been run," a senior British diplomat said.

Still, EU officials said the differences were not likely to block agreement on the blueprint for introducing a single-currency or its name.

Rate Shift Clips Dollar

The dollar closed lower on Thursday after falling amid increasing speculation that the Federal Open Market Committee would ease interest rates at next week's meeting, dealers said, APX News reported.

The dollar was quoted at 1.4384 Deutsche marks, down from 1.4492 DM on Wednesday, and the yen slipped to 101.485 yen, from 101.650 yen.

RATES: German Move Opens Door for Economic Growth in Europe

Continued From Page 1

rate it makes available to meet bank liquidity needs.

While economists said the Bundesbank move would not figure directly in any decision by the Federal Reserve to lower rates, it adds to a general agreement among central bankers that inflation is under control and that the primary threat now is too little growth, instead of too rapid growth, giving them more room to lower rates. The

Bundesbank move will give the Bank of France room to lower its rates, giving it lower interest payments, possibly stimulating economic growth and giving it a better chance to reduce its budget deficit.

The cut comes at a critical time. France has endured more than three weeks of bitter strikes by public employees over planned tax increases and cuts in social spending to reduce France's bulging deficit. Lower interest rates will make it easier

for the government to meet budget goals, reduce unemployment and generate tax revenues.

Thursday was the third time this year that the Bundesbank, which essentially sets monetary policy for all of Europe, has cut interest rates. Both in March and August, it lowered its rates by half of a percentage point.

The move followed a cut on Wednesday by the Bank of England of its key interest rates. Also Thursday, the Bank of Switzerland lowered its key lending rate

to 1.5 percent, from 2 percent.

The German move comes at a propitious time for Europe in general. The heads of state of the 15 European Union countries convene in Madrid on Friday and Saturday for their biannual meeting. On top of their agenda will be how quickly they can move toward creating a single currency in Europe, and particularly whether France and other countries will be able to reduce their deficits enough to

qualify.

WORLD STOCK MARKETS

Thursday, Dec. 14

Prices in local currencies.

Telefax

High Low Close Prev.

Amsterdam

ABN-AMRO 71.30 71.30 71.30 71.30

Aegion 62.50 62.50 62.50 62.50

Alcatel 182.00 182.00 182.00 182.00

Alkerm 32.50 32.50 32.50 32.50

Amstel 68.00 68.00 68.00 68.00

ASML 124.00 124.00 124.00 124.00

Beiersdorf 21.00 21.00 21.00 21.00

Bosch 47.50 47.50 47.50 47.50

Cargill 18.00 18.00 18.00 18.00

Dairy Farm 26.00 26.00 26.00 26.00

Deutsche Bank 35.50 35.50 35.50 35.50

Difco 10.00 10.00 10.00 10.00

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EUROPE

Belgium Picks Ameritech

Phone-Firm Stake to Bring \$2.5 Billion

BRUSSELS — The government said Thursday it would sell 49.9 percent of the state telephone monopoly Belgacom SA to a group of companies led by Ameritech Corp. for 73.3 billion Belgian francs (\$2.5 billion).

The group led by Ameritech, which owns 37 percent, also includes Singapore Telecommunications Ltd. and Tele Danmark AS, beat a joint bid from the Dutch and Swiss national phone operators, Koninklijke PTT Nederland and Swiss Telecom.

The Ameritech bid was chosen both because it offered a "significantly" larger sum of money than its rival and because it proposed a sounder business plan for the alliance, said Elio di Rupo, Belgium's communications minister.

John Goossens, chief executive of Belgacom, said the Ameritech consortium offered the best growth opportunities for the Belgian company.

"This partnership is a very satisfactory solution for Belgacom and the government — a partner from three different cultures with operators among the best-performing in the world," he said.

Ameritech will need to make major improvements in Belgacom's productivity if it wants the company to compete successfully after the European Union liberalizes its telecommunications market in 1998.

"Belgacom would have had no chance of surviving the crunch date of 1998 without a strong partner," Mr. di Rupo said.

He said Ameritech was committed to spend-

ing "substantial amounts" on training Belgacom staff to prepare for competition. Proceeds from Belgium's largest privatization will help the government reduce its budget deficit, bringing it closer to its target of 3 percent of gross domestic product by the end of 1996, compared with 4.5 percent this year.

Belgacom is handicapped by 100 billion francs of unfunded pension liabilities, 95 billion francs of debt and high labor costs. The scope for reducing its costs is limited because of government insistence that there be no reduction in the 26,000-person work force for at least the next few years.

The company's business charges are 28 percent higher than those of British Telecommunications PLC, a potential rival after 1998.

British Telecom submitted a joint bid for Belgacom with Bell Atlantic Corp. The companies withdrew their bid in October because they said they would not be allowed enough control over Belgacom's business services.

Nine groups of companies submitted bids when the Belgian government invited tenders a year ago. Three of those were put on a short list during the summer.

Belgacom had net profit of 9.88 billion francs last year, up 2 percent from 1993. The company forecast higher earnings in 1996 and said it may be able to pay a dividend in 1997.

The sale of the Belgacom stake is subject to European Commission approval. Mr. di Rupo said he expected the sale to be closed within six months.

(Bloomberg, Reuters, AP)

Vereinsbank Aims

For U.S. Purchase

MUNICH — Bayerische Vereinsbank AG confirmed Thursday that it had ended talks to take over Oppenheimer & Co. because of U.S. regulatory obstacles but said it would continue its search for an asset-management acquisition.

"We have ended the talks," said Richard Lips, a spokesman for Vereinsbank, who added, "We're still interested and will keep looking" for another prospect.

Mr. Lips said the bank, one of Germany's largest, ended the talks because the U.S. Federal Reserve said a decision on whether the acquisition could go ahead might take several months to a year.

"The uncertainty surrounding the deal for that length of time would have been unbearable," the bank said.

Despite the uncertainty, however, the German bank would have been obliged to close down its commercial banking activities in the United States immediately, to maintain the separation between commercial and investment banking required by U.S. law.

Officials at Dresdner Bank AG said they could not comment immediately on whether Dresdner's planned acquisition of FRCM Capital Management from Travelers Group Inc. faced a similar regulatory hurdle.

Some non-U.S. banks benefit from so-called grandfather clauses allowing them to retain both commercial and investment banking activities, within limits.

Vereinsbank had reached a preliminary agreement to buy Oppenheimer, a closely held company with almost 2,900 employees, 700 brokers and 11 U.S. offices, for about \$400 million. The companies confirmed the talks last month but declined to give details of the negotiations.

(Bloomberg, AFP)

Siemens Sees 20% Profit Rise

MUNICH — Siemens AG predicted Thursday its profit would rise 20 percent in its current year as the company shifted jobs out of Germany, expanded its computer-chip operations and took advantage of restructuring efforts.

The electronics company also affirmed preliminary data showing its profit in the year ended Sept. 30 rose 5 percent, to 2.08 billion Deutsche marks (\$1.43 billion) from 1.99 billion a year earlier. Sales rose 5 percent, to 88.8 billion DM.

The company, which is planning 7,000 layoffs this year, will invest as much as 7 billion DM by 2000 in production of dynamic random access memory chips, according to the general manager of the semiconductor unit, Andreas von Zitzewitz.

Mr. von Zitzewitz also said the unit was working on a new chip for multimedia products.

Separately, Advanced Micro Devices Inc. said it would invest 2.8 billion DM in a new chip factory in Dresden. Plans by Siemens for a 2.7 billion DM chip plant there have inspired smaller supplier companies to move to Dresden, where the work force is highly skilled, analysts said.

On Tuesday, Texas Instruments Inc. and Hitachi Ltd. of Japan said they would build chip factories. All of this expansion in chip-making facilities comes despite forecasts that the semiconductor industry is in for a period of falling demand.

The Siemens semiconductor division, the engine that drove profit growth last year, will suffer in the new business year and see earnings flatten or decline slightly, said Karl-Hermann Baumann, the company's finance director.

Heinrich von Pierer, the chief executive, emphasized the growing role of Siemens's international operations.

"We assume that most growth will occur in our international business and that business will stagnate in Germany," he said, adding that communications and information businesses would be the "growth drivers."

(AFP, Bloomberg, Reuters)



Very briefly:

- Cultor Ltd. of Finland is to buy Pfizer Food Science Group, the food-ingredients unit of Pfizer Inc., for 1.5 billion markkaa (\$344.4 million). Cultor said the deal would weigh on its 1996 profit.
 - Kaufhof Holding AG said sales rose 3.4 percent in the first nine months of the year, to 15.9 billion Deutsche marks (\$10.96 billion); sales fell slightly at its department-store and mail-order divisions, while its Vobis Microcomputer unit posted a 20.1 percent sales rise.
 - Southern Electric PLC, which is to be acquired by National Power PLC, is to spend £136.5 million (\$209.2 million) to pay a special dividend of 50 pence a share; the company will also give investors new shares in National Grid PLC.
 - Asda Group PLC's first-half pretax profit rose a greater-than-expected 27 percent, to £138.3 million, as the British supermarket operator's margins rose; sales rose 15 percent, to £3.04 billion.
 - Daily Mail & General Trust PLC, a media company, said pretax profit dropped 27 percent, to £66.8 million, in its latest year as surging newspaper prices squeezed margins and the company reorganized newspaper operations.
 - Switzerland's economic commission expects gross domestic product to grow 0.75 percent in 1995 and 1.25 percent in 1996; GDP growth was 1.2 percent in 1994.
 - The Netherlands' Central Planning Bureau expects gross domestic product to grow 2.75 percent this year from 1994, compared with its September forecast of a 3 percent rise; it maintained its earlier forecast of 2.5 percent GDP growth in 1996.
 - France's current-account surplus widened to 2.94 billion francs (\$585.6 million) in September from 1.65 billion francs in August, according to provisional seasonally adjusted figures.
 - VSNV, the Dutch chemical-industry association, expects industry profits to fall by 10 percent next year from an expected 1995 figure of 5 billion guilders (\$3.08 billion).
 - Sweden's economy grew at a stronger-than-expected annual rate of 4.4 percent in the fourth quarter, mainly because of a 1 percent rise in private consumption.
- AFP, Bloomberg

EU Will Permit Iberia

To Receive Cash Infusion

BRUSSELS — The European Commission said Thursday it would allow the Spanish government to inject 87 billion pesetas (\$673 million) into Iberia Air Lines, ending a yearlong dispute over how much aid the ailing airline could receive.

Spain originally asked permission to give Iberia 130 billion pesetas. It may be allowed to inject a further 20 billion pesetas into Iberia in 1997 if the carrier improves its productivity and earnings, the commission said.

To get the state assistance, Iberia will have to sell many of its Latin American interests.

An aide to Neil Kinnock, the EU commissioner for transportation, said Merrill Lynch & Co. and Bankers Trust New York Corp. would acquire Iberia's Aerolineas Argentinas and a Chilean airline but would not acquire a Venezuelan airline that Iberia is keeping because it is profitable.

If Iberia meets the financial and performance targets set by the commission, in two years it can exercise an option it holds to reacquire these Latin American interests, the aide said.

A consultant's report carried out for Merrill Lynch found that Aerolineas Argentinas had debts totaling \$730 million and assets of \$600 million to \$1 billion — "so it's not worth very much," the report asserted.

The cash infusion is likely to prompt an angry response from such rival airlines as Scandinavian Airlines System, which wanted before the ruling that it would consider legal action if any funds were allowed to flow to Iberia. (Bloomberg, AFP)

Agnelli Now Favors Retirement Age

Bloomberg Business News
MILAN — Moving to limit the length of his successor's reign as the chairman of Fiat SpA, Giovanni Agnelli proposed Thursday that the company reinstate its retirement age of 75 for directors.

Mr. Agnelli, 74, announced his own retirement Monday. Two years ago, he had the retirement age removed, saying the company needed him to steer it out of a crisis. On Monday, Mr. Agnelli said he would be succeeded by Fiat's chief executive, Cesare Romiti, who is 72. Mr. Agnelli said Mr. Romiti would not be chairman for long.

Mr. Romiti had cool relations with Mr. Agnelli's younger brother, Umberto, whose son, Giovanni Alberto Agnelli, has been mentioned by his uncle as an eventual successor as chairman. The younger Giovanni Agnelli is president of the scooter maker Piaggio SpA, his mother's family's company.

Fiat also said Thursday that Paolo Cantarella, head of its car division, would replace Mr. Romiti as chief executive. The company said Mr. Agnelli had confirmed at a board meeting that he would resign before his 75th birthday March 12. After that, he will serve as honorary chairman.

Hafslund Plans to Spin Off Energy Unit

Bloomberg Business News
OSLO — Hafslund Nymed AS, thwarted last month in a bid to merge with the U.S. generic-drug maker Ivax Co., announced plans Thursday to spin off its energy division, creating two separate companies.

The move, if approved by shareholders, would give existing investors one share in each company for each share they own in Hafslund Nymed.

Hafslund got 83 percent of its 1994 sales, to \$1.25 billion from drugs and medical imaging products. Its energy business, Norway's largest private hydroelectric generator, accounted for 13 percent of sales and about 10 percent of profit.

"We feel the time is right for the energy company to stand on its own legs," said Alex Gundersen, manager of investor relations.

But some analysts said the plan appeared to offer few benefits for shareholders.

Hafslund shares rose 4 kroner (15.5 cents) to 169 in Oslo. In London, Hafslund shares rose 2.25 pence (3.4 cents), to 170.

AMEX

Thursday's 4 p.m. Close					1999	Low	High	Low	High	Close
The top 500 most-active shares, up to the closing on Wall Street.										
The Associated Press										
Stock	High	Low	Close	Change	Volume	Low	High	Low	High	Close
IBM	125.00	124.00	124.00	-0.25	1,200,000	123.00	125.00	123.00	125.00	124.00
Microsoft	55.00	54.00	54.00	-0.25	1,100,000	53.00	55.00	53.00	55.00	54.00
Apple	45.00	44.00	44.00	-0.25	1,000,000	43.00	45.00	43.00	45.00	44.00
Oracle	35.00	34.00	34.00	-0.25	900,000	33.00	35.00	33.00	35.00	34.00
Sun	25.00	24.00	24.00	-0.25	800,000	23.00	25.00	23.00	25.00	24.00
HP	15.00	14.00	14.00	-0.25	700,000	13.00	15.00	13.00	15.00	14.00
Intel	10.00	9.00	9.00	-0.25	600,000	8.00	10.00	8.00	10.00	9.00
Motorola	8.00	7.00	7.00	-0.25	500,000	6.00	8.00	6.00	8.00	7.00
Texas Instruments	7.00	6.00	6.00	-0.25	400,000	5.00	7.00	5.00	7.00	6.00
Advanced Micro Devices	6.00	5.00	5.00	-0.25	300,000	4.00	6.00	4.00	6.00	5.00
Linear Technology	5.00	4.00	4.00	-0.25	200,000	3.00	5.00	3.00	5.00	4.00
Maxim Integrated	4.00	3.00	3.00	-0.25	100,000	2.00	4.00	2.00	4.00	3.00
National Semiconductor	3.00	2.00	2.00	-0.25	100,000	1.00	3.00	1.00	3.00	2.00
Rockwell International	2.00	1.00	1.00	-0.25	100,000	0.50	2.00	0.50	2.00	1.00
Signetics	1.00	0.50	0.50	-0.25	100,000	0.25	1.00	0.25	1.00	0.50
Western Digital	0.50	0.25	0.25	-0.25	100,000	0.10	0.50	0.10	0.50	0.25
World Wide Web	0.25	0.10	0.10	-0.25	100,000	0.05	0.25	0.05	0.25	0.10
World Wide Technology	0.10	0.05	0.05	-0.25	100,000	0.02	0.10	0.02	0.10	0.05
World Wide Communications	0.05	0.02	0.02	-0.25	100,000	0.01	0.05	0.01	0.05	0.02
World Wide Data	0.02	0.01	0.01	-0.25	100,000	0.00	0.02	0.00	0.02	0.01
World Wide Electronics	0.01	0.00	0.00	-0.25	100,000	0.00	0.01	0.00	0.01	0.00
World Wide Information	0.00	0.00	0.00	-0.25	100,000	0.00	0.00	0.00	0.00	0.00
World Wide Media	0.00	0.00	0.00	-0.25	100,000	0.00	0.00	0.00	0.00	0.00
World Wide Services	0.00	0.00	0.00	-0.25	100,000	0.00	0.00	0.00	0.00	0.00
World Wide Systems	0.00	0.00	0.00	-0.25	100,000	0.00	0.00	0.00	0.00	0.00
World Wide Technology	0.00	0.00	0.00	-0.25	100,000	0.00	0.00	0.00	0.00	0.00
World Wide Communications	0.00	0.00	0.00	-0.25	100,000	0.00	0.00	0.00	0.00	0.00
World Wide Data	0.00	0.00	0.00	-0.25	100,000	0.00	0.00	0.00	0.00	0.00
World Wide Electronics	0.00	0.00	0.00	-0.25	100,000	0.00	0.00	0.00	0.00	0.00
World Wide Information	0.00	0.00	0.00	-0.25	100,000	0.00	0.00	0.00	0.00	0.00
World Wide Media	0.00	0.00	0.00	-0.25	100,000	0.00	0.00	0.00	0.00	0.00
World Wide Services	0.00	0.00	0.00	-0.25	100,000	0.00	0.00	0.00	0.00	0.00
World Wide Systems	0.00	0.00	0.00	-0.25	100,000	0.00	0.00	0.00	0.00	0.00
World Wide Technology	0.00	0.00	0.00	-0.25	100,000	0.00	0.00	0.00	0.00	0.00
World Wide Communications	0.00	0.00	0.00	-0.25	100,000	0.00	0.00	0.00	0.00	0.00
World Wide Data	0.00	0.00	0.00	-0.25	100,000	0.00	0.00	0.00	0.00	0.00
World Wide Electronics	0.00	0.00	0.00	-0.25	100,000	0.00	0.00	0.00	0.00	0.00
World Wide Information	0.00	0.00	0.00	-0.25	100,000	0.00	0.00	0.00	0.00	0.00
World Wide Media	0.00	0.00	0.00	-0.25	100,000	0.00	0.00	0.00	0.00	0.00
World Wide Services	0.00	0.00	0.00	-0.25	100,000	0.00	0.00	0.00	0.00	0.00
World Wide Systems	0.00	0.00	0.00	-0.25	100,000	0.00	0.00	0.00	0.00	0.00
World Wide Technology	0.00	0.00	0.00	-0.25	100,000	0.00	0.00	0.00	0.00	0.00
World Wide Communications	0.00	0.00	0.00	-0.25	100,000	0.00	0.00	0.00	0.00	0.00
World Wide Data	0.00	0.00	0.00	-0.25	100,000	0.00	0.00	0.00	0.00	0.00
World Wide Electronics	0.00	0.00	0.00	-0.25	100,000	0.00	0.00	0.00	0.00	0.00
World Wide Information	0.00	0.00	0.00	-0.25	100,000	0.00	0.00	0.00	0.00	0.00
World Wide Media	0.00	0.00	0.00	-0.25	100,000	0.00	0.00	0.00	0.00	0.00
World Wide Services	0.00	0.00	0.00	-0.25	100,000	0.00	0.00	0.00	0.00	0.00
World Wide Systems	0.00	0.00	0.00	-0.25	100,000	0.00	0.00	0.00	0.00	0.00
World Wide Technology	0.00	0.00	0.00	-0.25	100,000	0.00	0.00	0.00	0.00	0.00
World Wide Communications	0.00	0.00	0.00	-0.25	100,000	0.00	0.00	0.00	0.00	0.00
World Wide Data	0.00	0.00	0.00	-0.25	100,000	0.00	0.00	0.00	0.00	0.00
World Wide Electronics	0.00	0.00	0.00	-0.25	100,000	0.00	0.00	0.00	0.00	0.00
World Wide Information	0.00	0.00	0.00	-0.25	100,000	0.00	0.00	0.00	0.00	0.00
World Wide Media	0.00	0.00	0.00	-0.25	100,000	0.00	0.00	0.00	0.00	0.00
World Wide Services	0.00	0.00	0.00	-0.25	100,000	0.00	0.00	0.00	0.00	0.00
World Wide Systems	0.00	0.00	0.00	-0.25	100,000	0.00	0.00	0.00	0.00	0.00
World Wide Technology	0.00	0.00	0.00	-0.25	100,000	0.00	0.00	0.00	0.00	0.00
World Wide Communications	0.00	0.00	0.00	-0.25	100,000	0.00	0.00	0.00	0.00	0.00
World Wide Data	0.00	0.00	0.00	-0.25	100,000	0.00	0.00	0.00	0.00	0.00
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World Wide Information	0.00	0.00	0.00	-0.25	100,000	0.00	0.00	0.00	0.00	0.00
World Wide Media	0.00	0.00	0.00	-0.25	100,000	0.00	0.00	0.00	0.00	0.00
World Wide Services	0.00	0.00	0.00	-0.25	100,000	0.00	0.00	0.00	0.00	0.00
World Wide Systems	0.00	0.00	0.00	-0.25	100,000	0.00	0.00	0.00	0.00	0.00
World Wide Technology	0.00	0.00	0.00	-0.25	100,000	0.00	0.00	0.00	0.00	0.00
World Wide Communications	0.00	0.00	0.00	-0.25	100,000	0.00	0.00	0.00	0.00	0.00
World Wide Data	0.00	0.00	0.00	-0.25	100,000	0.00	0.00	0.00	0.00	0.00
World Wide Electronics	0.00	0.00	0.00	-0.25	100,000	0.00	0.00	0.00	0.00	0.00
World Wide Information	0.00	0.00	0.00	-0.25	100,000	0.00	0.00	0.00	0.00	0.00
World Wide Media	0.00	0.00	0.00	-0.25	100,000	0.00	0.00	0.00	0.00	0.00
World Wide Services	0.00	0.00	0.00	-0.25	100,000	0.00	0.00	0.00	0.00	0.00
World Wide Systems	0.00	0.00	0.00	-0.25	100,000	0.00	0.00	0.00	0.00	0.00
World Wide Technology	0.00	0.00	0.00	-0.25	100,000	0.00	0.00	0.00	0.00	0.00
World Wide Communications	0.00	0.00	0.00	-0.25	100,000	0.00	0.00	0.00	0.00	0.00
World Wide Data	0.00	0.00	0.00	-0.25	100,000	0.00	0.00	0.00	0.00	0.00
World Wide Electronics	0.00	0.00	0.00	-0.25	100,000	0.00	0.00	0.00	0.00	0.00
World Wide Information	0.00	0.00	0.00	-0.25	100,000	0.00	0.00	0.00	0.00	0.00
World Wide Media	0.00	0.00	0.00	-0.25	100,000	0.00	0.00	0.00	0.00	0.00
World Wide Services	0.00	0.00	0.00	-0.25	100,000	0.00	0.00	0.00	0.00	0.00
World Wide Systems	0.00	0.00	0.00	-0.25	100,000	0.00	0.00	0.00	0.00	0.00
World Wide Technology	0.00	0.00	0.00	-0.25	100,000	0.00	0.00	0.00	0.00	0.00
World Wide Communications	0.00	0.00	0.00	-0.25	100,000	0.00	0.00	0.00	0.00	0.00
World Wide Data	0.00	0.00	0.00	-0.25	100,000	0.00	0.00	0.00	0.00	0.00
World Wide Electronics	0.00	0.00	0.00	-0.25	100,000	0.00	0.00	0.00	0.00	0.00
World Wide Information	0.00	0.00	0.00	-0.25	100,000	0.00	0.00	0.00	0.00	0.00
World Wide Media	0.00	0.00	0.00	-0.25	100,000	0.00	0.00	0.00	0.00	0.00
World Wide Services	0.00	0.00	0.00	-0.25	100,000	0.00	0.00	0.00	0.00	0.00
World Wide Systems	0.00	0.00	0.00	-0.25	100,000	0.00	0.00	0.00	0.00	0.00
World Wide Technology	0.00	0.00	0.00	-0.25	100,000	0.00	0.00	0.00	0.00	0.00
World Wide Communications	0.00	0.00	0.00	-0.25	100,000	0.00	0.00	0.00	0.00	0.00
World Wide Data	0.00	0.00	0.00	-0.25	100,000	0.00	0.00	0.00	0.00	0.00
World Wide Electronics	0.00	0.00	0.00	-0.25	100,000	0.00	0.00	0.00	0.00	0.00
World Wide Information	0.00	0.00	0.00	-0.25	100,000	0.00	0.00	0.00	0.00	0.00
World Wide Media	0.00	0.00	0.00	-0.25	100,000	0.00	0.00	0.00	0.00	0.00
World Wide Services	0.00	0.00	0.00	-0.25	100,000	0.00	0.00	0.00	0.00	0.00
World Wide Systems	0.00	0.00	0.00	-0.25	100,000	0.00	0.00	0.00	0.00	0.00
World Wide Technology	0.00	0.00	0.00	-0.25	100,000	0.00	0.00	0.00	0.00	0.00
World Wide Communications	0.00	0.00	0.00	-0.25	100,000	0.00	0.00	0.00	0.00	0.00
World Wide Data	0.00	0.00	0.00	-0.25	100,000	0.00	0.00	0.00	0.00	0.00
World Wide Electronics	0.00	0.00	0.00	-0.25	100,000	0.00	0.00	0.00	0.00	0.00
World Wide Information	0.00	0.00	0.00	-0.25	100,000	0.00	0.00	0.00	0.00	0.00
World Wide Media	0.00	0.00	0.00	-0.25	100,000	0.00	0.00	0.00	0.00	0.00
World Wide Services	0.00	0.00	0.00	-0.25	100,000	0.00	0.00	0.00	0.00	0.00
World Wide Systems	0.00	0.00	0.00	-0.25	100,000	0.00	0.00	0.00	0.00	0.00
World Wide Technology	0.00	0.00	0.00	-0.25	100,000	0.00	0.00	0.00	0.00	0.00
World Wide Communications	0.00	0.00	0.00	-0.25	100,000	0.00	0.00	0.00	0.00	0.00
World Wide Data	0.00	0.00	0.00	-0.25	100,000	0.00	0.00	0.00	0.00	0.00
World Wide Electronics	0.00	0.00	0.00	-0.25	100,000	0.00	0.00	0.00	0.00	0.00
World Wide Information	0.00	0.00	0.00	-0.25	100,000	0.00	0.00	0.00	0.00	0.00
World Wide Media	0.00	0.00	0.00	-0.25	100,000	0.00	0.00	0.00	0.00	0.00
World Wide Services	0.00	0.00	0.00	-0.25	100,000	0.00	0.00	0.00	0.00	0.00
World Wide Systems	0.00	0.00	0.00	-0.25	100,000	0.00	0.00	0.00	0.00	0.00
World Wide Technology	0.00	0.00	0.00	-0.25	100,000	0.00	0.00	0.00	0.00	0.00
World Wide Communications	0.00	0.00	0.00	-0.25	100,000	0.00	0.00	0.00	0.00	0.00
World Wide Data	0.00	0.00	0.00	-0.25	100,000	0.00	0.00	0.00		

ASIA/PACIFIC

Australia Settles Air-Traffic Dispute With Hong Kong

Compiled by Our Staff From Dispatches

CANBERRA — Australia and Hong Kong have settled their long dispute over the number of passengers Qantas Airways Ltd. can carry directly from Hong Kong to Bangkok and Singapore, Australia's transport minister said Thursday.

The official, Laurie Brereton, said that under the agreement, there would still be limits on the amount of traffic Qantas could carry, but he said he could not provide details on those limits.

Analysts described the arrangement as a victory for Qantas and said restrictions on the airline appeared to apply only to the size of its aircraft on the routes involved, limiting Qantas to Boeing 767s, which carry around 230 passengers.

"It looks like they can pick up as many passengers as they like from Hong Kong, provided they continue to use 767s and not introduce larger planes," a Melbourne-based analyst said.

Qantas introduced bigger planes on the route, such as Boeing 747s, the airline would face strict limits on passenger numbers, Australian government sources said.

"The resolution of the differences between the parties is workable from the Qantas point of view and enables us to provide a continuity of service for passengers on those sectors," James Strong, Qantas's managing director, said.

Hong Kong's main carrier,

Cathay Pacific Airways Ltd., does not face limits on its current services to Australia.

The dispute flared up in April when Hong Kong said it would limit the number of passengers that could board a Qantas plane in Hong Kong en route to Bangkok or Singapore.

Australia responded by threatening to impose a load limit on Cathay Pacific Airways flights between Sydney and Hong Kong.

"From our perspective, the key element in the new package is the agreement to cap 'fifth-freedom' loads," a Hong Kong government spokesman said. This was the nub of the original dispute, and we are pleased that the issue has been settled once and for all.

So-called fifth freedom rights cover carriage of passengers and freight by an airline between destinations outside its home country.

The agreement signed Thursday calls for further talks over the next six months to negotiate expanded capacity on the Australia-Hong Kong route, which analysts saw as a key concession to Cathay Pacific.

Qantas and Cathay Pacific said the agreement would not have an impact on their profits. Shares in Qantas closed at 2.28 Australian dollars (\$1.69), down 1 cent, while Cathay Pacific closed at 11.85 Hong Kong dollars (\$1.53), down 20 cents.

(Bloomberg, Reuters)

Hitmen Turned Squatters Yakuza Add to Japan's Property Crisis

By Sandra Sugawara
Washington Post Service

TOKYO — In the heart of the glitzy Roppongi district stands an eight-story cause of Japan's mammoth banking crisis — an office building that is generating no rent for its owner, who therefore cannot keep up with the mortgage and is burdening a lender with yet another bad debt.

It's not that the building is empty. The problem, according to its owner, Kichinosuke Sasaki, is that it is occupied by gangsters. They don't pay, and they won't leave, preventing him from renting it out to others or selling it to repay the loan.

"Our company has fought with this problem a lot in the past four years," said Mr. Sasaki, who runs Togensha, a real-estate company that grew rapidly during the late 1980s.

At home and abroad, Japan is taking flak for moving so slowly to clean up a banking system that is saddled with close to \$500 billion in bad loans left over from the collapse of the so-called bubble economy of the early 1990s. One of the reasons for that languid pace, many analysts say, is gangsters, known as yakuza.

Some are squatters, some are real-estate owners who refuse to pay, some are hirelings of other property owners who use them to intimidate creditors and fend off foreclosure. Whatever the variation, they can add a new complication to the already immensely complex job of straightening out billions of dollars of loans gone bad.

Japan is known as possibly the world's closest thing to a no-crime society. The streets are safe at all hours, and lost wallets and purses are returned to their owners intact. But operating in most communities of any size are the yakuza, organized into tight syndicates that profess to live by feudal codes. Police estimate that the gangs have about 81,000 members.

Members are recruited from the streets at young ages and swear loyalty to a boss, who in turn has loyalties to bosses above him. Many wear their hair in perms or have large body

tattoos. Some are missing their little fingers — often a voluntary amputation through which a yakuza demonstrates loyalty to his gang.

In large part, the business of the yakuza is the standard fare of organized crime anywhere — drugs, prostitution, protection. But much of Japanese society has long viewed the yakuza not only as criminals but as necessary mediators and facilitators.

For instance, after car accidents, parties who feel that they should be compensated sometimes hire gang members to transmit the message to the other party. A visit from a yakuza member may resolve the matter quickly. Likewise, landlords may ask yakuza members to pay visits to tenants who won't leave.

During the bubble period, the yakuza accumulated cash from traditional activities and, like many Japanese, invested in real estate and the stock market.

Some securities companies and banks actively sought business from cash-rich yakuza-affiliated groups, according to Raisu Miyawaki, formerly in charge of the National Police Agency's organized-crime division and now a corporate adviser.

But when the economic bubble burst and land and stock prices plummeted, banks were left with yakuza borrowers who refused to repay their loans or relinquish their assets, Mr. Miyawaki said.

Another growing problem is yakuza squatters. When housing units become empty, Mr. Sasaki said, yakuza will move in and refuse to leave. In addition to getting free office space, they sometimes sublet the space or go to other tenants and announce that they are the new owners and should receive the rent payments.

Mr. Sasaki said that out of 1,200 units his company owned, 75 had been occupied without rental agreements, and 45 of those occupants had "direct links" to gangsters.

He said he had filed about 30 lawsuits and had won most of them, enabling him to retake about 38 units. But even with the court decisions, he said, "I used force to take back these units."

Sony Signs TV Venture In China

Compiled by Our Staff From Dispatches

SHANGHAI — Sony Corp. said Thursday it had signed an agreement to set up a joint venture in Shanghai that would account for 11 percent of its global output of television sets by 1998.

Sony is to hold a 70 percent stake in the venture, to be called Shanghai Suoguang Visual Products Co.; Shanghai Video & Audio Electronics Co. is to own 20 percent, and Shanghai Vacuum Electron Device Co., 10 percent. The total investment by the three partners will be around \$410 million, Sony said.

The plant, to be built in Shanghai's Pudong development zone, would produce Trinitron televisions, computer displays, cathode-ray tubes and other electronics components and would begin operation in late 1996.

The new venture would be Sony's fourth and largest production site in China, where demand for color televisions is expected to rise 15 percent next year, to 15 million, according to

Investor's Asia

Hong Kong Hang Seng	Singapore Straits Times	Tokyo Nikkei 225
10000	2300	20000
9517	2200	18000
9033	2100	16000
6550	2000	14000
1995	1995	1995
Exchange	Index	Thursday Close
Hong Kong Hang Seng	2204.88	9,820.88
Singapore Straits Times	2,222.78	2,225.60
Sydney All Ordinaries	1,255.08	1,247.68
Tokyo Nikkei 225	18,498.30	18,283.48
Kuala Lumpur Composite	996.26	994.28
Bangkok SET	1,255.08	1,247.68
Seoul Composite Index	908.67	929.45
Taipei Stock Market Index	5,064.99	5,078.01
Manila PSE	2,484.85	2,460.50
Jakarta Composite Index	489.86	491.82
Wellington NZSE-40	2,121.78	2,149.60
Bombay Sensitive Index	3,063.42	3,068.16
Source: Reuters		International Herald Tribune

computer displays would reach 3 million by 2000.

The new factory is to produce for overseas markets as well as for China, where demand for color televisions is expected to rise 15 percent next year, to 15 million, according to

China Electronics Weekly, a trade publication.

In accordance with the wishes of the Chinese government, however, 70 percent of production would be designated for export, Sony said.

(Reuters, Bloomberg)

Tokyo Sees Thaw in U.S. Feuds

Bloomberg Business News

TOKYO — U.S.-Japanese disputes over access to Japan's photo-film and computer-chip markets are not likely to become "major issues," Kunihiko Saito, Japan's new ambassador to Washington, said Thursday.

"I feel confident in saying that film and semiconductor will not become major sources of conflict between the two countries," Mr. Saito said.

The United States and Japan do not have as much at stake in the film or chip disputes as they did in their auto-trade talks, he said.

U.S. semiconductor makers have made significant gains in the Japanese market under the chip accord, and Eastman Kodak Co. has "no intention" of asking for sanctions against Japan, he said.

ASEAN Girds for the Challenges of Indochina

By Michael Richardson
International Herald Tribune

BANGKOK — Even as ASEAN countries were to launch new policies Friday aimed at further liberalizing trade and strengthening regional cohesion, some leaders said Thursday that the group would have to take more radical steps to catch up with rival economic communities in Europe and the Americas.

Some also cautioned that the potential entry of Laos, Cambodia and Burma into ASEAN, the Association of South East Asian Nations, in the next few years — following Vietnam's admission in July — could complicate decision-making and slow progress toward regional free trade.

Vietnam and Laos are Communist-ruled countries. Burma is run by a military regime that has been widely condemned for repressing democracy and violating human rights. Cambodia is struggling to recover from years of civil war and foreign military occupation.

All four countries have much lower levels of economic development than the six core ASEAN members — Brunei, Indonesia, Malaysia, the Philippines, Singapore and Thailand.

"More members mean more challenges," said Sultan Muda Hassanah Bolikh of Brunei. "New members will increase our political, economic and cultural diversity." He was speaking at the opening of a two-day summit of ASEAN heads of government that was being attended for the first time by the leaders of Laos, Cambodia and Burma.

Officials said the ASEAN leaders had agreed in private talks Thursday to help marshal a major international aid program to help the three Indochinese countries and Burma close the economic gap with other members of the group.

They said the leaders also had agreed to start integrating the three candidate members of ASEAN into some of the group's activities even before they joined.

President Suharto of Indonesia said that by extending support to Laos, Cambodia and Burma, "we will ensure their smooth integration into the various activities and processes of ASEAN."

Prime Minister Mahathir bin Mohamad of Malaysia said that "intensification of trade and investment with these immediate neighbors of ours" would bring mutual benefits to all of South-east Asia.

Other leaders were less upbeat on the prospects of rapid regional integration. "The Europeans are building their common house of Europe," said Prime Minister Goh Chok Tong of Singapore. "The extended-family home of Asia may be 50 years or even 100 years away."

Officials said the summit would end Friday with the signing of agreements to broaden ASEAN's program to liberalize trade in most goods by 2003.

They said new services and plans to heighten protection of intellectual property, along with new investment projects and a

program to bring about uniform customs procedures and product standards in the region, would be added to the liberalization package.

Under ASEAN's free-trade program, which covers more than 80 percent of goods traded in the region, tariffs are to be cut to no more than 5 percent by 2003, with similar reductions in nontariff barriers.

Vietnam, however, has been given until 2006 to complete its tariff-cutting, and Burma, Cambodia and Laos are expected to be given similar leeway.

GUCCI: After a Mediocre Decade, Company Enjoys a Renaissance

Continued from Page 13

ply were not special any more. "By 1989, no one would dream of wearing Gucci," said Dawn Mello, who became president of Bergdorf Goodman, a unit of Harcourt General Inc., last year, after four years of helping Maurizio Gucci put his name back at the top of the luxury market — years marked by big losses.

There is, of course, no assurance that Gucci can maintain the pace this time, that it can meet the spectacular increases in demand and production without sacrificing quality — without, again, losing its special quality. Gucci regained its good name

by scrapping some products, including many cheaper ones such as canvas and plastic handbags, by eliminating licensed shops that had diluted the brand and by limiting U.S. sales to shops it controlled and a handful of luxury department stores.

To make over the products, Ms. Mello hired a young designer named Tom Ford who had worked for Perry Ellis, a unit of Salant Corp.; Mr. Ford

even quick praise for his fresh ideas — even though they were often based on Gucci's 70-year archive of styles.

"We went into the archives and found photos and original samples," Ms. Mello said. "People brought us their favorite items — a wallet, a piece of jewelry. Everyone loved Gucci, and they were pleased to see this happening."

Reve reviews have kept coming in for Mr. Ford's work. He has just received two prestigious awards for designing Gucci's ready-to-wear fashions and footwear; in February, the

Council of Fashion Designers of America plans to name him designer of the year.

Gucci's sales growth has been strongest in the United States and Asia.

But Gucci has also been spending heavily to fill gaps in northern Europe and plans to open stores in Germany.

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Amsterdam, December 11, 1995

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The undersigned announces that the Annual Report 1995 for the year ended March 31, 1995 of Asahi Optical, Ltd. will be available in Amsterdam at:

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Amsterdam, December 12, 1995

CITINVEST
16, Avenue Marie-Thérèse L-2132 Luxembourg

NOTICE TO ALL UNITHOLDERS
Effective December 17th, 1995, Article 12 of the Management Regulations will be amended.

The fiscal year end of the Fund will be changed from December 31st to March 31st. The next available report will be the annual audited report based on the financial figures as at March 31st, 1996.

GOVERNO DO ESTADO DO PARANÁ

SALTO CAXIAS HYDROELECTRIC POWER STATION IGUAÇU RIVER
INTERNATIONAL COMPETITION C-208
GANTRY CRANES
CALL FOR BIDS

COMPANHIA PARANAENSE DE ENERGIA-COPEL, informs that an international competition is open for design, manufacture, shop tests, transportation and delivery on jobsite, erection and commissioning supervision of 3 (three) gantry cranes (one for intake, one for the powerhouse and one for the spillway) for the Salto Caxias Hydroelectric Power Station, located on the border of Capão Leônidas Marques and Nova Prata do Iguaçu counties, in the State of Paraná, Brazil.

This lowest price type international competition is open to individual companies and/or joint ventures. The costs related to this supply will be covered by COPEL's own funds. The Instructions to Bidders and the Contract Documents will be available to bidders from December 04, 1995, until the day before the documents delivery date, against payment in Brazilian currency of R\$ 150,00 (a hundred and fifty Reals), at the following addresses:

Superintendência de Obras de Engenharia
Rua Voluntários da Pátria, 233 - 5º andar - sala 504
80020-000 - Curitiba - PR, Brazil
Phone (55-41) 322-1212 - Ext. 5541
Fax (55-41) 331-3265

or
Escritório COPEL/São Paulo
Avenida Santos, 1800 14º andar - conj. 148
01418-200 - São Paulo - SP, Brazil
Phone (55-11) 283-1431

At the time of purchase of the Instructions to Bidders and the Contract Documents, the company shall present a letter containing name and department of the person for contact, his/her complete mailing address, phone and fax.

The receipt of the Qualification Documents and the Price Bids is scheduled for (February 15, 1996), at 2:00 P.M., at COPEL's office meeting room, in Curitiba, 235 Voluntários da Pátria Street, ground floor. The competition will be ruled by Law No 8686, dated June 21, 1993, and by other conditions stated in the Instructions to Bidders and in the Contract Documents.

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人口	1,000,000	1,050,000	1,100,000	1,150,000	1,200,000	1,250,000	1,300,000	1,350,000	1,400,000	1,450,000	1,500,000	1,550,000	1,600,000	1,650,000	1,700,000	1,750,000	1,800,000	1,850,000	1,900,000	1,950,000	2,000,000	2,050,000	2,100,000	2,150,000	2,200,000	2,250,000	2,300,000	2,350,000	2,400,000	2,450,000	2,500,000	2,550,000	2,600,000	2,650,000	2,700,000	2,750,000	2,800,000	2,850,000	2,900,000	2,950,000	3,000,000	3,050,000	3,100,000	3,150,000	3,200,000	3,250,000	3,300,000	3,350,000	3,400,000	3,450,000	3,500,000	3,550,000	3,600,000	3,650,000	3,700,000	3,750,000	3,800,000	3,850,000	3,900,000	3,950,000	4,000,000	4,050,000	4,100,000	4,150,000	4,200,000	4,250,000	4,300,000	4,350,000	4,400,000	4,450,000	4,500,000	4,550,000	4,600,000	4,650,000	4,700,000	4,750,000	4,800,000	4,850,000	4,900,000	4,950,000	5,000,000	5,050,000	5,100,000	5,150,000	5,200,000	5,250,000	5,300,000	5,350,000	5,400,000	5,450,000	5,500,000	5,550,000	5,600,000	5,650,000	5,700,000	5,750,000	5,800,000	5,850,000	5,900,000	5,950,000	6,000,000	6,050,000	6,100,000	6,150,000	6,200,000	6,250,000	6,300,000	6,350,000	6,400,000	6,450,000	6,500,000	6,550,000	6,600,000	6,650,000	6,700,000	6,750,000	6,800,000	6,850,000	6,900,000	6,950,000	7,000,000	7,050,000	7,100,000	7,150,000	7,200,000	7,250,000	7,300,000	7,350,000	7,400,000	7,450,000	7,500,000	7,550,000	7,600,000	7,650,000	7,700,000	7,750,000	7,800,000	7,850,000	7,900,000	7,950,000	8,000,000	8,050,000	8,100,000	8,150,000	8,200,000	8,250,000	8,300,000	8,350,000	8,400,000	8,450,000	8,500,000	8,550,000	8,600,000	8,650,000	8,700,000	8,750,000	8,800,000	8,850,000	8,900,000	8,950,000	9,000,000	9,050,000	9,100,000	9,150,000	9,200,000	9,250,000	9,300,000	9,350,000	9,400,000	9,450,000	9,500,000	9,550,000	9,600,000	9,650,000	9,700,000	9,750,000	9,800,000	9,850,000	9,900,000	9,950,000	10,000,000

[illegible][illegible][illegible]

Time	Lat	Long	Wind	Sea	Weather	Temp	Humid	Bar	Wind	Sea	Weather	Temp	Humid	Bar
0000	10 00	155 00	10	1	100	25.0	75	1010.0	10	1	100	25.0	75	1010.0
0100	10 00	155 00	10	1	100	25.0	75	1010.0	10	1	100	25.0	75	1010.0
0200	10 00	155 00	10	1	100	25.0	75	1010.0	10	1	100	25.0	75	1010.0
0300	10 00	155 00	10	1	100	25.0	75	1010.0	10	1	100	25.0	75	1010.0
0400	10 00	155 00	10	1	100	25.0	75	1010.0	10	1	100	25.0	75	1010.0
0500	10 00	155 00	10	1	100	25.0	75	1010.0	10	1	100	25.0	75	1010.0
0600	10 00	155 00	10	1	100	25.0	75	1010.0	10	1	100	25.0	75	1010.0
0700	10 00	155 00	10	1	100	25.0	75	1010.0	10	1	100	25.0	75	1010.0
0800	10 00	155 00	10	1	100	25.0	75	1010.0	10	1	100	25.0	75	1010.0
0900	10 00	155 00	10	1	100	25.0	75	1010.0	10	1	100	25.0	75	1010.0
1000	10 00	155 00	10	1	100	25.0	75	1010.0	10	1	100	25.0	75	1010.0
1100	10 00	155 00	10	1	100	25.0	75	1010.0	10	1	100	25.0	75	1010.0
1200	10 00	155 00	10	1	100	25.0	75	1010.0	10	1	100	25.0	75	1010.0
1300	10 00	155 00	10	1	100	25.0	75	1010.0	10	1	100	25.0	75	1010.0
1400	10 00	155 00	10	1	100	25.0	75	1010.0	10	1	100	25.0	75	1010.0
1500	10 00	155 00	10	1	100	25.0	75	1010.0	10	1	100	25.0	75	1010.0
1600	10 00	155 00	10	1	100	25.0	75	1010.0	10	1	100	25.0	75	1010.0
1700	10 00	155 00	10	1	100	25.0	75	1010.0	10	1	100	25.0	75	1010.0
1800	10 00	155 00	10	1	100	25.0	75	1010.0	10	1	100	25.0	75	1010.0
1900	10 00	155 00	10	1	100	25.0	75	1010.0	10	1	100	25.0	75	1010.0
2000	10 00	155 00	10	1	100	25.0	75	1010.0	10	1	100	25.0	75	1010.0
2100	10 00	155 00	10	1	100	25.0	75	1010.0	10	1	100	25.0	75	1010.0
2200	10 00	155 00	10	1	100	25.0	75	1010.0	10	1	100	25.0	75	1010.0
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Month	High	Low	Close
Jan	1.12	1.08	1.10
Feb	1.15	1.10	1.12
Mar	1.18	1.13	1.15
Apr	1.20	1.15	1.18
May	1.22	1.17	1.20
Jun	1.25	1.20	1.22
Jul	1.28	1.23	1.25
Aug	1.30	1.25	1.28
Sep	1.32	1.27	1.30
Oct	1.35	1.30	1.32
Nov	1.38	1.33	1.35
Dec	1.40	1.35	1.38
Jan	1.42	1.37	1.40
Feb	1.45	1.40	1.42
Mar	1.48	1.43	1.45
Apr	1.50	1.45	1.48
May	1.52	1.47	1.50
Jun	1.55	1.50	1.52
Jul	1.58	1.53	1.55
Aug	1.60	1.55	1.58
Sep	1.62	1.57	1.60
Oct	1.65	1.60	1.62
Nov	1.68	1.63	1.65
Dec	1.70	1.65	1.68
Jan	1.72	1.67	1.70
Feb	1.75	1.70	1.72
Mar	1.78	1.73	1.75
Apr	1.80	1.75	1.78
May	1.82	1.77	1.80
Jun	1.85	1.80	1.82
Jul	1.88	1.83	1.85
Aug	1.90	1.85	1.88
Sep	1.92	1.87	1.90
Oct	1.95	1.90	1.92
Nov	1.98	1.93	1.95
Dec	2.00	1.95	1.98
Jan	2.02	1.97	2.00
Feb	2.05	2.00	2.02
Mar	2.08	2.03	2.05
Apr	2.10	2.05	2.08
May	2.12	2.07	2.10
Jun	2.15	2.10	2.12
Jul	2.18	2.13	2.15
Aug	2.20	2.15	2.18
Sep	2.22	2.17	2.20
Oct	2.25	2.20	2.22
Nov	2.28	2.23	2.25
Dec	2.30	2.25	2.28
Jan	2.32	2.27	2.30
Feb	2.35	2.30	2.32
Mar	2.38	2.33	2.35
Apr	2.40	2.35	2.38
May	2.42	2.37	2.40
Jun	2.45	2.40	2.42
Jul	2.48	2.43	2.45
Aug	2.50	2.45	2.48
Sep	2.52	2.47	2.50
Oct	2.55	2.50	2.52
Nov	2.58	2.53	2.55
Dec	2.60	2.55	2.58
Jan	2.62	2.57	2.60
Feb	2.65	2.60	2.62
Mar	2.68	2.63	2.65
Apr	2.70	2.65	2.68
May	2.72	2.67	2.70
Jun	2.75	2.70	2.72
Jul	2.78	2.73	2.75
Aug	2.80	2.75	2.78
Sep	2.82	2.77	2.80
Oct	2.85	2.80	2.82
Nov	2.88	2.83	2.85
Dec	2.90	2.85	2.88
Jan	2.92	2.87	2.90
Feb	2.95	2.90	2.92
Mar	2.98	2.93	2.95
Apr	3.00	2.95	2.98
May	3.02	2.97	3.00
Jun	3.05	3.00	3.02
Jul	3.08	3.03	3.05
Aug	3.10	3.05	3.08
Sep	3.12	3.07	3.10
Oct	3.15	3.10	3.12
Nov	3.18	3.13	3.15
Dec	3.20	3.15	3.18
Jan	3.22	3.17	3.20
Feb	3.25	3.20	3.22
Mar	3.28	3.23	3.25
Apr	3.30	3.25	3.28
May	3.32	3.27	3.30
Jun	3.35	3.30	3.32
Jul	3.38	3.33	3.35
Aug	3.40	3.35	3.38

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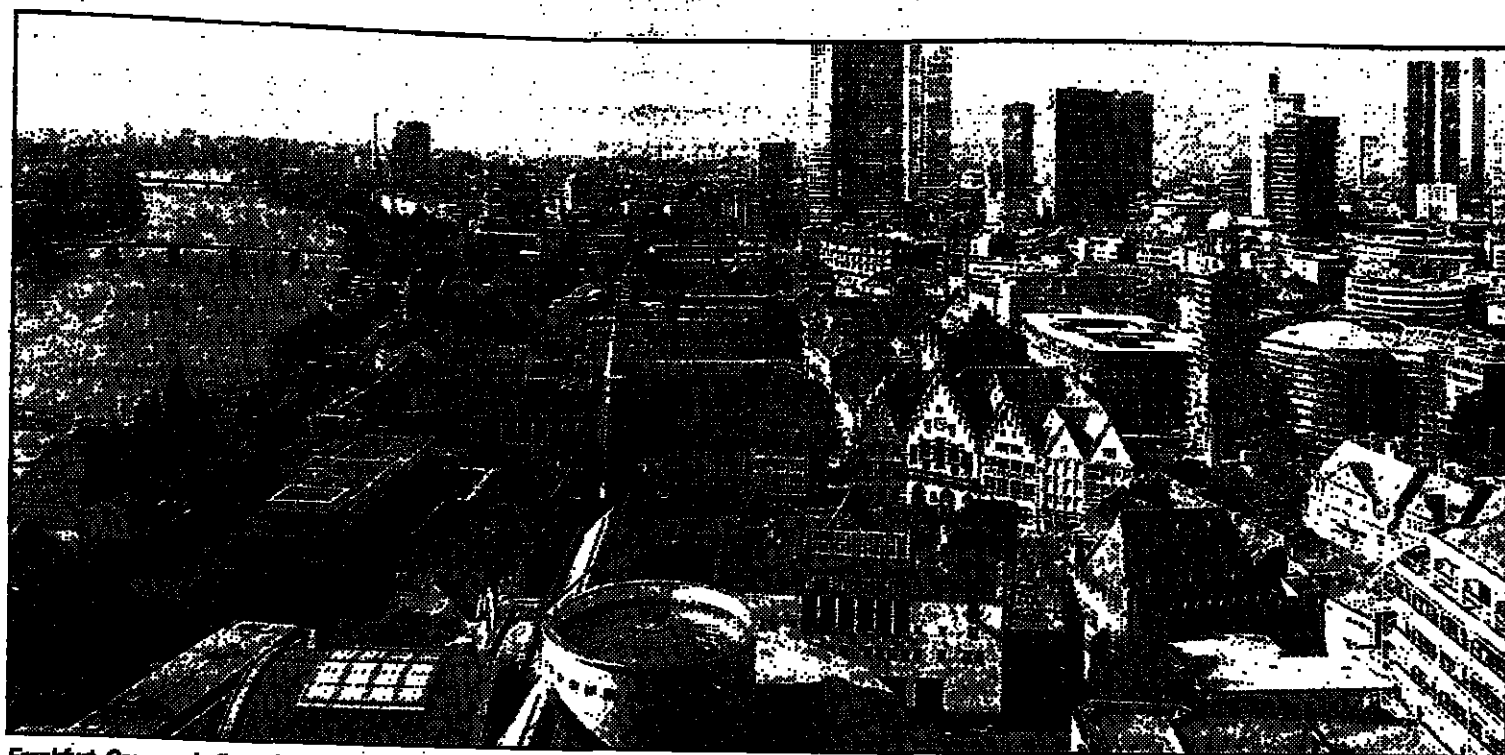
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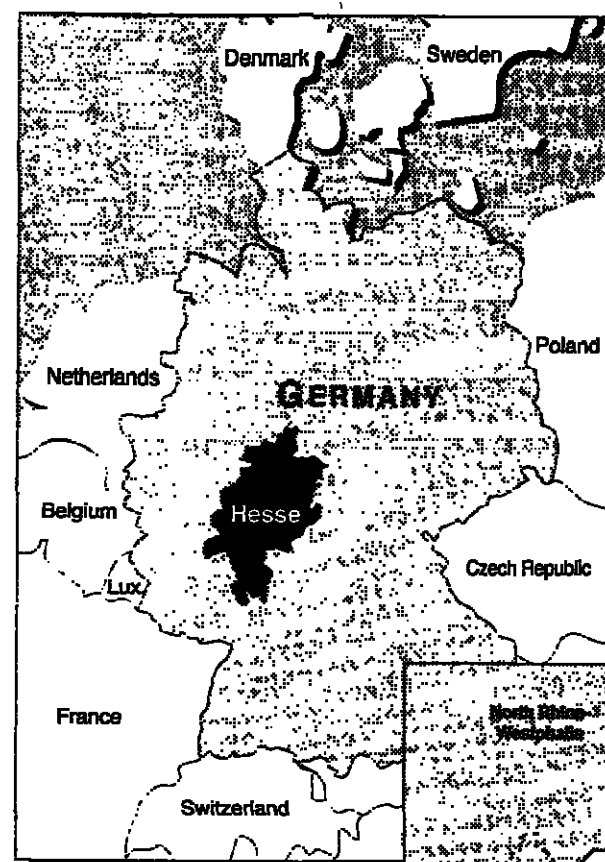
HESSE



Now 50 years old, the state of Hesse is punching into a higher gear. With the highest gross domestic product per capita of Germany's major states, it is using this economic might to transform its industrial sector into a faster, leaner and more deft tool for regional development.



Frankfurt, Germany's financial capital, is currently Europe's fastest-growing city.



TOWARD FURTHER PROGRESS AND PROSPERITY

Hesse is arguably Europe's most prosperous region. But Hesse's importance to Europe goes beyond its sheer economic clout.

Hesse is among the most successful of Germany's 16 states. It has the highest gross domestic product per capita among the country's major non-city states. While the figures for Bremen and Hamburg are higher, they are swollen by the daily influxes of commuters from outside these cities. Hesse's GDP is coupled with a level of public-sector debt and rates of unemployment sharply lower than those of these cities — and of most of the rest of Europe.

On the European level, Hesse vies with greater London and Brussels for the lead among the Continent's regions. Unlike them, Hesse is neither the seat of national or international government, nor is its prosperity linked to a large-scale agglomeration of civil servants and related functionaries — its jobs have been largely produced by the state's private sector. This is reflected in its high exports and industrial productivity per employee and total patent figures. In each of these categories, Hesse ranks in the top three among Germany's states. Moreover, this prosperity has been achieved in a state whose only natural resources have been a surpassingly good location and a large dash of native entrepreneurial skills.



Hans Eichel, Hesse's prime minister.

Role model
Hesse's importance to Europe, however, derives less from the state's own accomplishments than from the challenges facing the Continent.

To maintain its high standard of living and to secure its business base, Europe is finding that it has to trim planning and approval times and procedures, and to become as quick at developing and exploiting technologies and markets as Asia and America are. By doing so, Europe hopes to find the new sources and sectors of employment needed to replace those currently heading east and south. The vision is of an economy built around the quick and flexible provision of the high-end services and products needed by a rapidly developing world.

"Because we in Hesse do, demonstrably, have that speed and those advanced products and services, we can, in fact,

serve as a role model," says Hans Eichel, the state's prime minister.

Built for speed
Fast-moving planes, trains and trade fairs provide the first-time visitor with an immediate appreciation of Hesse's speed and the scale of its service sector.

The arrival point for many visitors to the state is Frankfurt Airport, the Continent's busiest. It is Germany's largest single contiguous place of employment, with 53,000 workers. The other common arrival point, Frankfurt's main train station, handles more trains and passengers than any other rail facility in Europe.

Each year, 1.5 million people come to Hesse to attend one of the events staged by Messe Frankfurt, the city's trade fair authority, which ranks number one in attendance in the world. The authority provides employment, directly and indirectly, for 7,000 people.

Others arrive to do business with Frankfurt's banks and brokers, part of the Continent's largest financial community, employing over 100,000 in the state.

Though important, these transport, financial, trade fair and other services are not necessarily the state's fastest-growing ones. "Actually, such secondary services as research and development, and business organization and management form the fastest-growing areas in our service sector," says Mr. Eichel. "Our R&D institutes and management consultants are linked to our manufacturing sector. They supply the sector with its state-of-the-art production facilities and products."

Other high-end services, such as the broadcast media and software engineering and design, have become industries in their own right. More than 50 percent of total state employment is provided by high-end services — the best mark in Europe — while much of the rest is from an industrial sector whose products and models are generally less than five years old.

Job creation
Repeat visitors to Hesse notice another kind of speed: the rate of population and business growth in Frankfurt, currently Europe's fastest-growing city, and in the Rhine-Main-Neckar region as a whole.

The two kinds of growth go hand in hand. The availability of jobs and a desirable quality of life induced 1 million people — mostly young, well-qualified adults — to migrate to Hesse during 1983-93. Two-thirds of them came from else-

where in Germany, the rest from 60 other nations. Many of the foreigners were posted by their companies to Hesse, which is the recipient of just under a quarter of the cumulative foreign net investment in Germany. "The state's foreign business community reads like a Who's Who of International Companies," says Lothar Klemm, Hesse's minister of economics.

Maneuverability

Hesse's performance sets two important examples, says Mr. Eichel. "First, the rapidity with which new factories, apartment complexes and infrastructure facilities have gone up in the state has shown the world's business community that there are regions in Europe capable of a fast turn, areas not hamstrung by restrictive rules and regulations," he says. "Second, the society emerging from this period of growth is relatively young and very multicultural. Twenty-eight percent of Frankfurt's residents are holders of non-German passports. That's a record for the country."

He concludes: "We all live in peace and prosperity. This absence of strife allows us to tackle the many challenges facing Hesse and Europe as a whole, such as redressing past environmental regressions or caring for our sick and disadvantaged."

Hessen is the natural location if Europe is your target and you want to establish a base or expand your operations there.

Centrally positioned in Europe, Hessen is one of Germany's most dynamic federal states with a thriving, diversified economy. In fact, Hessen has attracted more total foreign direct investment than any other German state. And for good reasons. Hessen is at the heart of Germany's sophisticated transportation infrastructure which provides speedy access to all important economic regions in Europe and around the globe. Many of the innovative components and products used around the world are developed and manufactured in Hessen, Germany's most productive state.

State of Hesse

Population: 5.9 million
Area: 21,114 square kilometers
Capital: Wiesbaden (pop. 270,000)
Prime Minister: Hans Eichel
Other major cities:
Frankfurt am Main (664,000)
Kassel (201,000)
Darmstadt (140,940)

A HOTBED OF HIGH-TECH ACTIVITY

Experience and innovation can often go hand in hand, as Hesse's manufacturers prove.

The stereotypical high-tech company is young, involved in something highly technical and profitable, and located in a garage or basement in the local version of Silicon Valley or Technology Triangle.

In Hesse's case, this area is contiguous with the Rhine-Main-Neckar agglomeration, home to 40 independent research centers, four polytechnic schools and two universities — including Darmstadt's renowned Technical University — and roughly two-thirds of the 3,000 high-tech companies in Hesse.

Since most of these companies are young — less than 10 years old — and busy developing such things as advanced methods of neon-tube recycling, DNA sequencers and fluid dynamic calibrators, the stereotype would seem to have some validity. Especially when it's corroborated by such examples as Dalim GmbH, recently selected by the business weekly *WirtschaftWoche* as one of Germany's six leading ex-garage companies. Located in the southern Frankfurt suburb of Neu Isenburg-Zeppelinhof, Dalim, now 10 years old, has posted rates of growth ranging from 40 percent to 110 percent a year.

Crucible
Dalim exemplifies one particularity of Hesse's high-tech community: its internationality. Dalim's founder and managing director, Francis Lamy, is French. Its capital has come from venture funds located in the United States, Japan, the Netherlands and Germany itself. Its object-oriented graphics software has been purchased by companies ranging from Germany's Springer and Burda and France's Hachette to Michigan's North American Color.

Of course, not all of the state's high-tech companies are small or young. Founded in 1946, Dreieich's Biotest is indisputably Germany's largest biomedical company. Powered by surging sales of its biologically manufactured monoclonal antibodies, the company recorded revenues of 286 million Deutsche marks (\$204 million) in 1994, three times more

than the next nine runners-up combined, according to *WirtschaftsWoche*. Biotest's size would rank it fifth in the United States, the center of the world's biotechnology industry.

Nor are the state's high-tech champions necessarily located in the Rhine-Main area or involved in developing brand-new products.

Take the microscope, in active use since 1590, or about 250 years before the production of these and other high-quality optical and measuring instruments began in Wetzlar. This central Hessian town of 54,000 is located just to the west of Giessen.

Transforming the product

Since 1849, the development of the microscope from the invaluable tool of pioneering microbiologists to the core component of microelectronic production, material engineering and environmental protection systems has been impelled by the locally based Ernst Leitz company, today named Leica Mikroskopie und Systeme GmbH. The company forms part of the worldwide Leica group, also known for its range of high-quality cameras.

The product may bear the same name, but the technologies incorporated into the microscope have changed, and changed repeatedly over the last century and a half, as have its capabilities and areas of use," points out Karin Jacoby, spokesperson for Leica, "and these changes have helped alter our world."

Leica's first major innovation was to introduce methods of mass production into its field, hitherto the province of highly skilled, painstaking craftsmen, and to vastly upgrade the microscope's powers of resolution and scope of use.

The ensuing flood of high-precision, affordable microscopes advanced the detection and treatment of diseases by such noted "microbe hunters" as Rudolf Virchow, Louis

Continued on page 20



Get off to a Good Start in Hessen

Hessen's strong service sector provides an extensive support system for companies located in the region. Hessen is also the home to continental Europe's leading international financial center, Frankfurt am Main.

With its dynamism, diligent workforce, and commitment to quality, Hessen offers an ideal environment for companies that want to succeed in Europe, either on their own or with reliable local partners.

To find out how your company can benefit from Hessen's many qualities, just contact the HLT-Group, the service agency working to support, assist and advise foreign companies interested in locating in Hessen.

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Investitionsbank AG
Abraham-Lincoln-Strasse 38-42
D-65189 Wiesbaden, Germany
Telephone 611 - 774-0
Telefax 611 - 774-265

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SPONSORED SECTION



H E S S E

FINANCE MOVES FROM STRENGTH TO STRENGTH

Is Frankfurt on the way to becoming the world's biggest stocks and securities exchange?

On paper, the arithmetic looks simple enough. The total annual turnover at Frankfurt's stocks and securities exchange has risen 152 percent over the last five years, bringing it within about 40 percent of those of co-leaders New York and London, which have grown at a third of that rate during the same time.

At the last five years' rates of growth, parity among the world's three largest exchanges is no more than four years off, with Frankfurt arriving in the lead the following year. Anything wrong with the arithmetic?

"The arithmetic is correct — as far as it goes," says Walter Allwicher, spokesman for Deutsche Börse, the operating company for the Frankfurt Wertpapierbörse (FWB), the city's stocks and securities exchange, and Deutsche Terminbörse (DTB), its financial futures and options exchange. "However, as each

exchange employs its own scope of accounting, the figures are of limited comparability to each other. The arithmetic does correctly show how quickly Frankfurt has been growing. We're confident that this growth will continue at a strong pace."

Up and up

Accompanying Frankfurt's rise on the international level has been growth on the domestic front. At its current growth rate of one percentage point a year, Frankfurt, now with 74 percent of the country's prospering shares and securities market, will have a near-monopolistic 80 percent share by 2000.

Contributing to the growth of FWB and to the country's shares and securities market as a whole have been IBIS (Integriertes Börsenhandels- und Informations-System, or Integrated Stock Exchange Trading and Information System), BOSS

(Börsen-Order-Service System) and other electronic trading and transaction recording and monitoring systems initiated and operated by Frankfurt. Now well out of their shakedown phases and enjoying increasing popularity in Germany's financial community, these systems have vastly streamlined and speeded up the country's methods of shares and securities dealing.

Unifying forces

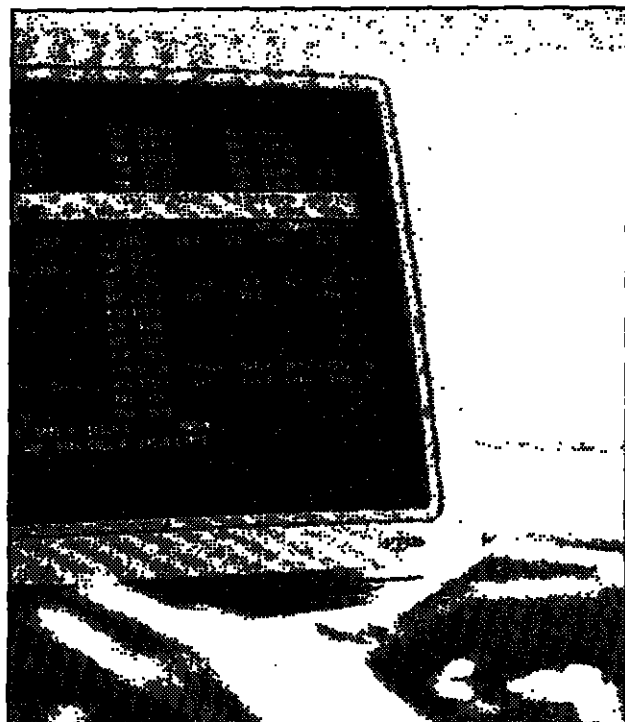
Deutsche Börse AG's headquarters are within easy walking distance of the Bundesanstalt für den Wertpapierhandel, Germany's securities and exchange commission, which started operations on Jan. 1, 1995.

The creation of this stock and securities supervisory agency was one of the key provisions of the country's recently enacted Second Act on the Regulation of Financial Markets,

which also set up stringent and sweeping insider trading rules for the new agency to enforce.

As its current, vigorous prosecuting of several such cases shows, the agency means to make full use of its considerable powers in maintaining a "fair and freely accessible playing field," as a recent report in Handelsblatt, the Germany's business daily, put it. "An agency with a strong bark — and an even stronger bite" was the report's conclusion.

A further consolidation of Germany's stock and securities trading sector seems in the cards. According to reports published in Germany's financial journals, Deutsche Börse and the exchanges of Düsseldorf, Berlin and Munich — accounting for well over 90 percent of all turnover in Germany — are set to ink an agreement unifying and integrating their operations in an amalgamation that will be managed by Frankfurt. ■



Frankfurt's computer screens monitor the movement of billions of marks in options and futures.

FRANKFURT: MORE THAN EVER A BANKING NERVE CENTER

A new world of electronics-based, on-line banking has come to Germany.

To maintain its role as the hub of banking and other financial services in Germany, Frankfurt's financial community has installed revolutionary communication and transaction systems.

Santander Direkt Bank is a foreign-owned bank. It started operations in Frankfurt at the end of last year. Both facts make it rather ordinary in the city, which has seen 57 foreign-owned banks set up shop over the last 10 years. In fact, foreign-owned banks now account for two-thirds of the 420 banks in the city.

Part of Spain's largest banking group, Santander Direkt Bank has a balance

sheet almost exactly one-thousandth the size of that of Deutsche Bank AG.

Accordingly, the bank's founding received little attention in the world's financial media. Of course, even the founding of a much larger bank would have had a hard time commanding the media's attention. Their outposts in Frankfurt are very busy monitoring the latest pronouncements and decisions from the Bundesbank and from the European Monetary Institute.

The lack of media attention was probably a mistake. Despite its apparent ordinariness and despite the fact that it is located in Frankfurt, Santander Direkt Bank would seem to represent the most serious challenge yet to the city's primacy in Germany's financial sector.

On-line banking

The electronic bank has no branches, no counters and can be reached 14 hours a day, five days a week via telephone and fax or on-line. Like comdirect bank, Allg. Deutsche Direktbank and Optimus bank, which are all based in the Frankfurt area, Santander offers both standard banking and stock and securities brokerage services.

The challenge to Frankfurt is that these banks can be located anywhere, as Deutsche Bank's own "Bank 24" has already demonstrated. The electronic bank is housed in Bonn.

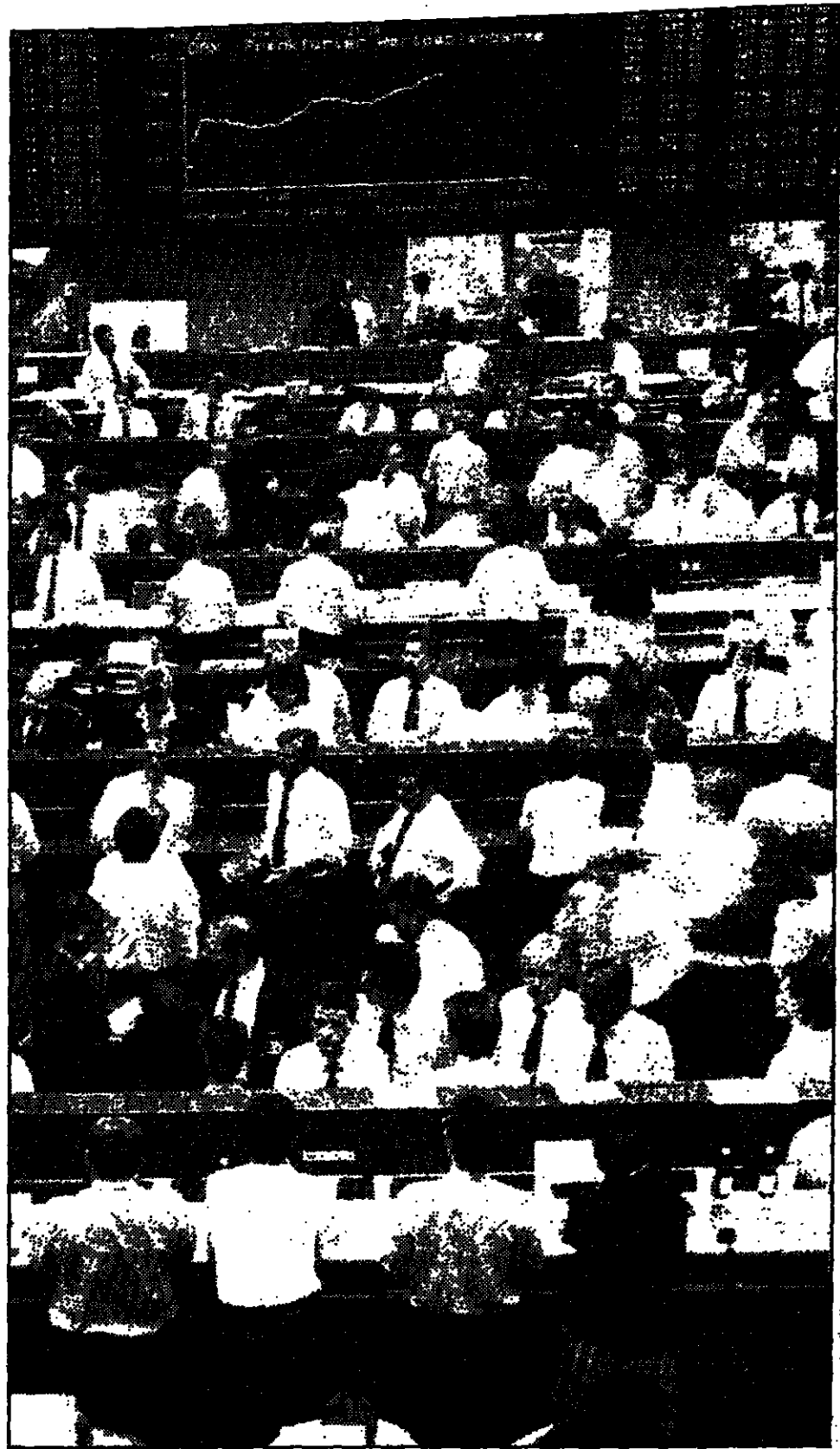
Do Bank 24 and its ilk represent the leading edge of

a decentralizing of Germany's banking community and the start of a diaspora out of Frankfurt?

"Quite the opposite," says Hartmut Schwesinger, managing director of Frankfurt's Business and Economic Development Corporation. "The founding of these banks and the setting up of electronic banking services in general have actually fostered and expedited Frankfurt's development into Continental Europe's center of electronic banking operations. Today, a bank can be located anywhere there are cables and satellite up-links tying it into nationwide data processing and transaction clearing networks. Because many of these networks have been or are being planned, developed, monitored and maintained in Frankfurt, the city's predominance has never been more secure."

Crucial connections

The rise of electronic banking also has a spillover effect. "This predominance has fostered a further influx of computer hardware and software companies and specialists into Frankfurt," Mr. Schwesinger says. "It's much the same situation on the international scene, in which there's been a profusion of financial centers conducting a mushrooming volume of business among them. By developing and providing state-of-the-art communications and data-processing links and services, Frankfurt has become



Frankfurt will manage the coming amalgamation of German financial markets.

a major hub for this inter-center business."

To provide these inter-regional and international links, Frankfurt's financial community has invested heavily in intra-city communication links. A prominent example is MFS Communications GmbH's "communication highway." Some 10 kilometers (6 miles) of this fiber-optic ATM network, Germany's first, has been installed under Frankfurt's streets and buildings over the past two years.

For the last five months, MFS, a German subsidiary of the American communications network operator, has been providing ultra-rapid, ultra-secure speech, picture and data transmission services to 53 financial sector customers, making Frankfurt the first city in Germany to have an operational communications highway.

MFS plans to add another

15 kilometers by the end of next year. Meanwhile, the company's success has bred competition. Colt International, owned by the British company of the same name, has started development of a second "highway."

Come one, come all

MFS and Colt are not the only two "foreigners" who have recently joined AT&T, Sprint, Motorola, France Telecom and Northern Telecom in making up the Rhine-Main's communications community. British Telecom joined German conglomerate VIAG in founding VIAG InterKom, one of Germany's "new breed" communications companies and partially based in the Rhine-Main area. Now BT's rival, Cable & Wireless, and its German partner, Veba, are reportedly bidding for a controlling stake in DBKOM, the fledgling telecommunications op-

erator being set up by Deutsche Bahn AG, the country's rail authority, also with headquarters in Frankfurt.

A number of other operators pioneering private telecommunications networks and services are located in the Rhine-Main area, including Worldcom in Frankfurt and CNI in Eschborn.

Not all of the area's telecommunications companies are new-breed or new to the Frankfurt area. Deutsche Telekom, one of the world's four largest telecommunications companies, has centered a number of its most important operations in the region, including its relay center for international calls (in Frankfurt), one of its major satellite up-link facilities (in Frankfurt), its Research and Technology Center (Darmstadt) and its own polytechnic school (Dieburg). ■

Rowenta
HIGH-QUALITY DESIGN
AND INNOVATION

Located just to the east of Frankfurt, Offenbach is a center of Europe's leather-processing industry. The city is also known for being home to Rowenta, whose name is a synonym throughout the world for high-quality, innovative electrical appliances. One hundred and eleven years old, the company is in the midst of a period of rapid international expansion.

"Up until a few years ago, our activities were largely concentrated in Europe," comments Hartmut Wachs, chairman of Rowenta's board of management. "Since then, our ongoing expansion of business has made our name and our products well-known in the U.S., the CIS and Asia. By entering into license production agreements, we have also become number one in the markets in Turkey, Slovenia, South Africa and Syria."

Guided by Mr. Wachs, the company's rapid expansion has made it the world's number one manufacturer of irons and among the leading suppliers of toasters, coffee machines and oral hygiene appliances.

In 1994, sales of Rowenta-brand products amounted to 900 million DM, of which 400 million DM accrued from the company's production facilities in Offenbach and Erbach, both located in Germany's state of Hesse. Rowenta also maintains production facilities in Vernon, France; Toluca, Mexico; and in Turkey.

Why is Rowenta still conducting a major part of its manufacturing activities in Germany, known for having high business operating costs?

Mr. Wachs lists several good reasons: "Our policy is to situate our production activities close to our markets. And Germany is, of course, still a major market of ours. The high costs prevailing in Germany are counterbalanced by the country's high quality of work. Assuming that a company structures its production operations in a lean and cost-efficient way and achieves a certain degree of automatization, it's entirely possible to compete on world markets from a base in Hesse. One example of how this can be done is provided by our factory in Erbach, Hesse. It's only two years old, having been put into operation in 1993. It manufactures irons and is the most modern of its kind in Europe."

In the long-term perspective, which of Rowenta's operations are innately bound up with the company's base in Germany?

"Our company's success has ensued from our ability to engender a continuous flow of product innovations," points out Mr. Wachs. "Our products have extremely short 'lifetimes.' Each year, we launch 10 to 15 new appliances on world markets. Our ability to innovate derives from the quality of our expertise in R&D and in design and international marketing. Forming the very heart of our company's culture of operations, these activities are based in Offenbach. It's very difficult to imagine relocating them elsewhere."

A glance at a Rowenta product corroborates Mr. Wachs' statements. All of the company's products evince an elegance of design. They are also easy to understand and easy to use. During the tenure of Franz Alban Stützer, the company's designer-in-chief, Rowenta's products have received well over 100 design prizes and citations. The company's products are on display in New York's Museum of Modern Art. In fashioning its products, Mr. Stützer's department also works closely with the Institute for Design, located in nearby Darmstadt.

Also worthy of commendation is the company's ability to stay at the forefront of its markets and technologies. The iron has been continually improved over the last few decades; Rowenta has been responsible for all of these advances, which have included the creation of the steam spray attachment and the first ironing surface made out of stainless steel.

Its ability to pioneer new products and technologies makes Rowenta a worthy representative of Hesse's highly innovative manufacturing sector.

For further information:

Rowenta-Werke GmbH

Waldstr. 202-256 - D-63071 Offenbach

Tel.: (+49-69) 8504 0 - Fax: (+49-69) 8504 4 66

A HOTBED OF HIGH-TECH ACTIVITY

Continued from page 19

Pasteur and Robert Koch.

"The microscope was the first and foremost tool of biomedicines and biotechnologies in general," points out Ms. Jacoby.

It still is today. Such new models as the Leica DM IL have equipped microbiologists with a powerful tool in the deciphering of the mechanisms of cells and other living tissue.

Life and death mysteries

While microbiologists use their Leicas to probe the mysteries of life and disease, the police are employing advanced company products to solve crimes. Much of the most spectacular evidence — such as minimal traces of clothing or tire rubber — turning up in today's courtrooms has been detected, quantified and analyzed using a Leica DM C microscope.

The world's booming microelectronics industry uses Leica's microscope-based monitoring and measuring systems to design, develop, manufacture and evaluate chips. "The microelectronic world's ongoing move into

submicron-based, multi-megabyte chips is obviously predicated upon the increasing use of such systems," says Ms. Jacoby.

Leica's worldwide working relationships with researchers, suppliers and customers notwithstanding, the source of many of these innovations has been local. "Innovations ensue when a critical mass of researchers, developers and marketers is on hand," points out Ms. Jacoby. To assemble and maintain that critical mass, Leica and 29 other local companies and agencies joined in founding the Weizlar-based Institute for Microstructure Technologies and Optoelectronics (IMO) in 1989.

IMO's areas of activity are the developing of microsystems, ASIC (applied specification integrated circuits), microelectronics-based sensors and other advanced technologies. Much of its work is commissioned and applied by its founding companies.

Academic ties

Leica also maintains close technological and research ties with Giessen's universi-



The microscope: 400 years old and still advancing by leaps and bounds, thanks to Hessian industry.

ty and Max Planck Institute, both centers of Germany's research into biotechnology and environmental protection, and to the nearby University of Marburg, source of a wide range of ad-

vances in molecular sciences and microbiology.

Central Hesse's agglomeration of public and private sector-driven innovation has some highly respectable statistics. Forty-four percent of

the state's researchers work in the region, giving it one of Germany's best figures for researchers per capita.

The only thing the region lacks, in fact, is a catchy nickname. ■

H E S S E



A NEW VIVACITY IN THE NORTH

The future looks promising for north Hesse.

The Cold War turned Hesse's northern two-thirds into an economic backwater. A concerted program of public- and private-sector investment gave the region a new business base. Then came the fall of the Wall and major new infrastructural projects.

Kassel-Wilhelmshöhe is the most glorious name in north Hesse's past. It is also the name of a promising development in north Hesse's present.

Built by the rulers of Hesse-Kassel during the 18th century, the hillside sweep of gardens, waterfalls and palaces on Kassel's Wilhelmshöhe heights rivals Darmstadt's Mathildenhöhe artists' colony, Frankfurt's skyscrapers, Wiesbaden's casino, the Rhine at Rüdesheim and Michelstadt's half-timbered *Rathaus* for the honor of being Hesse's most widely photographed subject.

Its grounds are only one reason Wilhelmshöhe is one of Germany's leading tourist attractions, visited by well over a million people a year. Now being renovated, Wilhelmshöhe's museums contain masterpieces by Rembrandt, Hals and Rubens, plus celebrated sculptures from the Greek and Roman eras. Wilhelmshöhe's palaces and adjoining buildings are also home to a major spa and casino.

Historic crossroads

Wilhelmshöhe's splendor gives eloquent testimony to north Hesse's former prosperity, derived from the region's location at Germany's geographic center, astride Central Europe's trade routes and traffic arteries.

The advent of the Cold War throttled East-West trade, turned north Hesse into the "eastern end of Western Europe," and made its vaunted prosperity into a thing of the past.

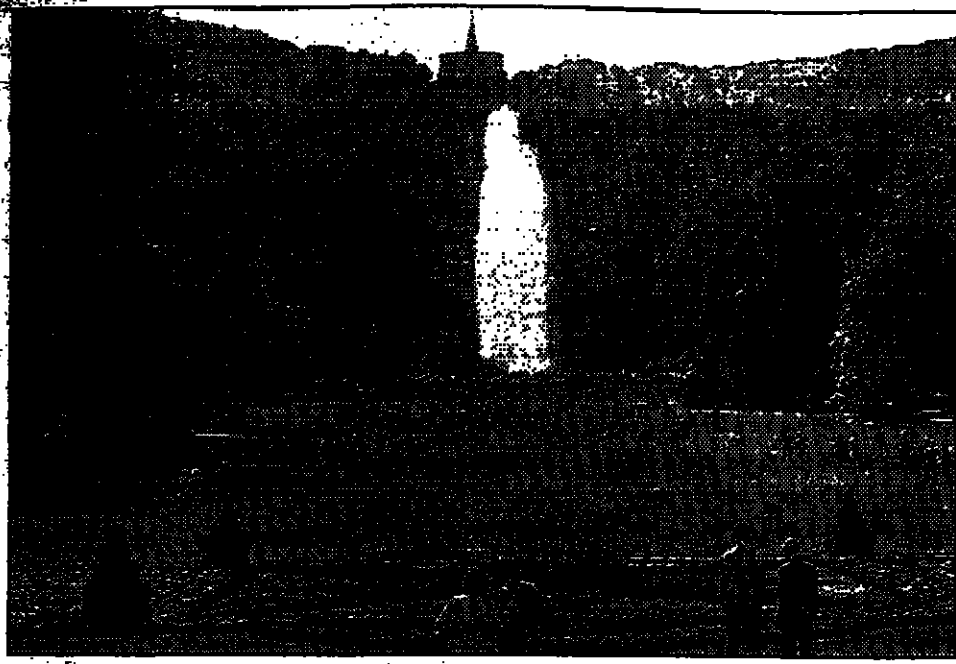
Throughout most of the postwar era, north Hesse had a rate of unemployment one or two percentage points above and a rate of GDP growth one or two percentage points below that of south Hesse.

"Using south Hesse as a yardstick to measure its northern counterpart's performance is, of course, a bit unfair," says Hans Eichel, who was Kassel's mayor before becoming Hesse's prime minister. "South Hesse has been Europe's most successful region over the last 40 years. Compared with other adjoining regions, north Hesse's performance has actually been quite a bit above average."

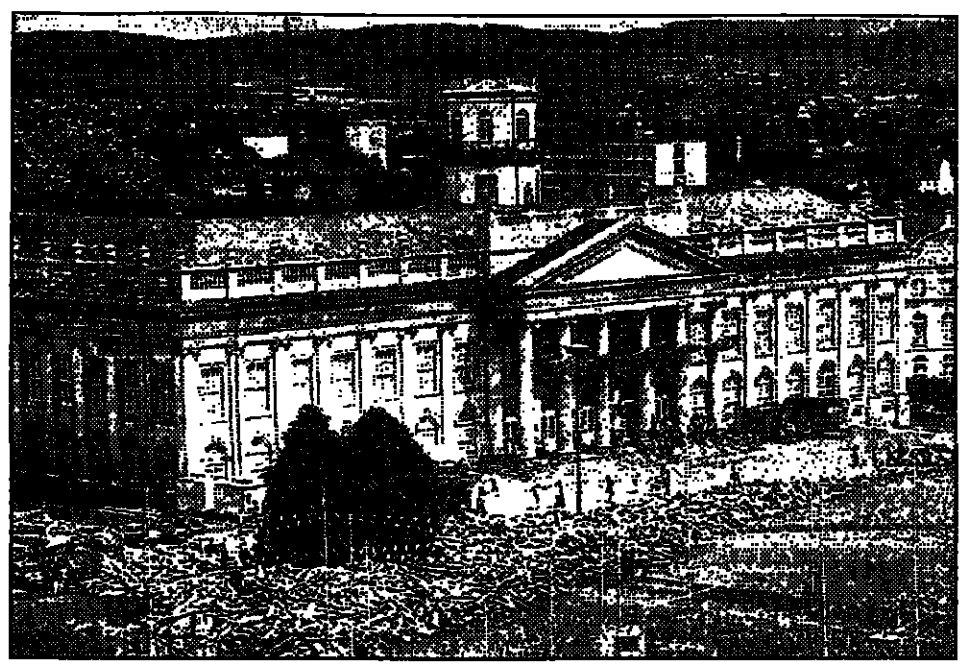
This has been thanks to a concerted series of public-sector initiatives as well as private-sector endeavor. The state and local governments invested tens of billions of marks in technology and research centers, polytechnic schools, business parks and transport and communication infrastructure. This investment, plus the very low wages and property prices prevailing in the region, convinced VW, Bosch, Thyssen, ABB, Daimler-Benz and other major companies to set up or expand facilities in the region.

A large number of suppliers, mostly small-scale and specialized, grew up in their vicinity.

A range of other *mittelständig* (middle-sized) companies established themselves on world markets; their ranks included



Kassel is north Hesse's cultural as well as economic center. Left, the palace park at Wilhelmshöhe. Right, the Fridericianum, home of the "documenta" exhibition.



ing B. Braun Melsungen, Hübner, Viessmann and other "local champions."

The crowning moment in this wave of investment and development came in May 1991, when the Kassel-Wilhelmshöhe train station was inaugurated, the first built especially for Germany's brand-new ICE (InterCityExpress) train network. Even before this, as the station was being constructed, an unforeseen development had taken place, one of major benefit to north Hesse.

Dramatic impact

"The ICE and our other transport links would have had a noticeable impact," says Mr. Eichel. "Coupled with the ending of the Cold War, this impact has been little short of revolutionary."

Initial manifestations were spectacular: long columns of Trabis and Wartburgs (East Germany's major automobile makes) thronging eastern Hesse's highways; East German shoppers crowding the pedestrian zones of Eschwege, Fulda, Kassel and a dozen other cities; Germans of all persuasions flocking to ride on the new ICE.

Although less striking, the long-term manifestations have been more important. As Europe's fastest-growing region, Eastern Germany has an avid appetite for technical goods and services, something that the neighboring areas in Hesse are only too happy to supply via the newly opened or extended transport links.

"North Hesse's new catchment area is by no means confined to Germany," says Mr. Eichel. "Rather, as the new start-ups and facilities show, the region has recovered its former, pan-European scope of operation."

What he is referring to is a series of major logistic and transport companies, including Schenker and German Parcel, that have set up freight forwarding hubs in the Kassel area in the post-unification era. Soon to come is a major railroad transloading center, being developed by a public-private partnership.

100 days of art

The Wilhelmshöhe train station and the logistics facilities are by no means the only reasons why north Hesse has established solid credentials for modernity. Nor are transport and

industry the only rejuvenated items in the region's mix of activities. For four decades, art tourists, art journalists, art historians and artists have descended on Kassel every five years to attend "documenta," the world's largest exhibition of modern art. For Kassel and its environs, one of the nicest things about documenta is its length. The exhibition runs 100 days, giving 620,000 culture vultures (the 1992 figure) the opportunity to patronize the city's restaurants and galleries and to make side trips to visit Kleinsassen, 80 kilometers (50 miles) to the south of Kassel, and other well-known, idyllic artists' colonies in Hesse.

"I don't see Kleinsassen as a minor-league documenta, but rather as its full-fledged counterpart," says Faxe M. Müller, a well-regarded local sculptor, who has exhibited in the colony. "Documenta's focus is broad—necessarily so, as its purpose is to make the definite statement of the art world's zeitgeist. Kleinsassen's focus, on the other hand, is much more precise. It has the luxury of going into more depth, of further developing its long-standing relationships with artists and art movements in the Balkans and other sections of the world."

Next summer will see a slew of events marking Hesse's first five decades as a state.

Until Sept. 19, 1945, "Hesse" referred to a patchwork of five principalities and the "imperial city" of Frankfurt, whose only commonalities were geographic proximity and a distinctive, burbled dialect—Hessisch.

In forging this patchwork into a single state, Dwight David Eisenhower, commander-in-chief of the Allied military forces, was implementing a vision first formulated by Prussian kings and developed

by far-sighted political reformers: "The creating of an important unity in the heart of Germany," as the *Frankfurter Allgemeine Zeitung* put it in a recent review of Hesse's history. This unity would remove the "feudal barriers" impeding the development of transport arteries and trading routes, and thus promote the common good.

Was this important and obviously successful unification something of a precursor for those to follow?

"There are a number of interesting similarities among the unifying

50 Years Of Unity

of Hesse in 1945 and of Germany and of Europe in the '90s," says Hans Eichel, Hesse's prime minister. "All three have involved the building of links among regions with different political cultures, histories and standards of living."

On Sept. 15, 1995, Hesse began a yearlong, statewide celebration of a half century of state-

hood and achievements. This celebration encompasses several hundred festivals, podium discussions, historical and art exhibitions, commemorative services and many other kinds of events.

A mammoth review of Hesse's first 50 years will be held in Gelnhausen June 28-July 7. Key moments in the state's history and the figures participating in them will be portrayed in music and drama, in cabaret sketches and in firsthand accounts.

A musical festival and Baroque

festivities will be held at the cloister of Cornberg July 7-14. Also celebrating major anniversaries during the year with culture and pageantry are Braunfels (July 13-14), Kugelsburg (the entire month of July) and Malsfeld (July 14).

Hesse's year of celebration will conclude with a Grosses Volksfest in Kassel. This heady mix of circus, rides, refreshments and popular culture of all descriptions will be held on Nov. 30. A more restrained and formal windup to the year will be staged in Wiesbaden's Staatstheater Dec. 1.



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Achema

Internationale Fachmesse für Chemische Technik und Technologie
26. - 28. Juni 1997

Ambiente

Internationale Frankfurter Messe Tischkultur und Küchentechnik, Lichtkonzepte/Geschenk-Ideen
24. - 26. Februar 1996

Automotiv

Treffpunkt der internationalen Automobilwirtschaft
10. - 12. September 1996

Frankfurter Buchmesse

02. - 07. Oktober 1996

Fur & Fashion

Die internationale Lebmesse für Pelz und Leder, Mix und Mode
28. - 31. März 1996

Heimtextil

Internationale Fachmesse Floor-Wall-Window Decoration & Furniture Fabrics/Bed-Bath-Table & Kitchen Linen
10. - 12. Januar 1996

IAA

Internationale Automobil-Ausstellung, Personenkraftwagen/Motorräder
11. - 21. September 1997

IFFA

Internationale Fleischwirtschaftliche Fachmesse
Mai 1998

Interstoff Season

The Update Textile Event
25. - 27. April 1996

Interstoff World

Worldwide Fabric & Accessories Show
12. - 14. März 1996

ISH

Internationale Fachmesse Sanitär Heizung Klima
18. - 22. März 1997

Musikmesse

Internationale Fachmesse für Musikinstrumente und Noten, Licht-, Ton- und Veranstaltungstechnik
13. - 17. März 1996

Premiere

Internationale Frankfurter Messe, Paperworld, Christmasworld, Beautyworld
27. - 31. Januar 1996

Textextil

Internationale Fachmesse für Technische Textilien, Textilarmierte Werkstoffe und Textilien Bauen
13. - 15. Mai 1997

Tendence

Internationale Frankfurter Herbstmesse, Tischkultur und Küche/Wohn- und Lichtkonzepte/Geschenk-Ideen
24. - 28. August 1996



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SPONSORED SECTION



H E S S E

DISTILLING INDUSTRIAL FORCE

The region's long-established companies are rebuilding themselves for speed.

Ninety-five percent of Hesse's 6,500 manufacturing companies are small or medium-sized (with 500 employees or less), many of them started up by graduates of the state's six universities and seven polytechnic schools, and each serving one of a thousand specialized niches. A number of these "mini-manufacturers" are based in the state's four technology centers.

The mini-manufacturers' ubiquitousness, broad range of activities and excellent future prospects notwithstanding, the vast bulk of the state's 88 billion Deutsche marks (\$62 billion) in annual industrial production and 47 billion DM in exports are accounted for by multibillion-mark companies active

in four traditional, non-niche sectors: chemicals, cars, electronic equipment and systems, and industrial machinery and systems.

Hoechst, Opel, Volkswagen, Siemens, Degussa, Robert Bosch, MAN — the companies' names command recognition worldwide. Nor is there anything small-scale about their facilities in Hesse. They are among the largest in Germany and, in some cases, the world. Nearly all of these ultra-large facilities have been in continuous operation for more than 40 years, with several now well into their second century.

Continuity
This continuity says a lot about the companies' ability

to adapt and upgrade their facilities, says David J. Herman, chairman of the board of management at Adam Opel AG, GM's German subsidiary. "No one has ever made money using out-of-date equipment to manufacture out-of-date products," he points out. "The implications of this truism are obvious. In our case, it means that our facility in Rüsselsheim has been successfully revamped and reoutfitted several times during its nearly 100-year history of manufacturing automobiles. That's been no small feat, in view of Rüsselsheim's size."

Located 25 kilometers (15 miles) to the southwest of downtown Frankfurt, Opel's facility in Rüsselsheim is huge, occupying 1.2 million square meters — making it GM's largest single site — with 25,000 employees engaged in producing 1,200 automobiles a day.

"The increasing pace of technological and economic change over the past two decades has shortened the intervals between these revampings and expanded their scopes," notes Mr. Herman.

Throughout the 1980s and early '90s, Opel expanded and upgraded its facilities in Rüsselsheim. In 1982, it installed the first automobile-painting facility to use environmentally compatible water-based enamels. Four years later, a fully automa-



On-the-job training at Opel's Vectra and Omega production lines.

ized production line was put into operation.

Overhaul

"By the late '80s, it had become apparent that something more than individual improvements was required at Rüsselsheim, that a top-to-bottom re-engineering of this huge and unwieldy facility was required if it was to stay viable — a re-engineering entailing everything from redesigning its basic floor plan to rerouting its flows of materials," Mr. Herman says.

The result was a 700 million DM program launched in 1993 and now well over half completed. By the time the program is concluded in 1997, Rüsselsheim will be a much leaner, much more ef-

ficient facility. Being rendered extraneous by the program are one-third of the site's area, more than half of the previous work stations, two-thirds of the distance traveled by a Vectra and Omega while being assembled and about half the time required to build and paint a chassis.

This is being accomplished by relocating the company's administrative departments to a new building and by reorganizing the topography of production. Instead of maintaining discrete production lines for such individual parts as doors and hoods and then transporting them across the factory to the main assembly line, these components are manufactured in "production

cells" directly adjoining the line.

In carrying out this massive program, Opel followed an in-house role model: its billion-mark facility in Eisenach, Thuringia. This facility has set new standards for productivity and output per employee during its more

than two years of operation. "We believe that the re-engineering program will result in savings of time and costs that will boost Rüsselsheim to Eisenach's levels of productivity," says Mr. Herman.

As large as it is, the re-engineering program is dwarfed by the 1.8 billion DM Opel is spending for the production of the new generation of Vectras at Rüsselsheim. This is only one of several massive investments being made by the company in Germany. Others include a 350 million DM upgrading of the chassis and engine manufacturing facilities in Bochum and 500 million DM for the building of a new factory located in Kaiserslautern to produce diesel engines. All told, says Mr. Herman, it adds up to a 6 billion DM investment in Germany.

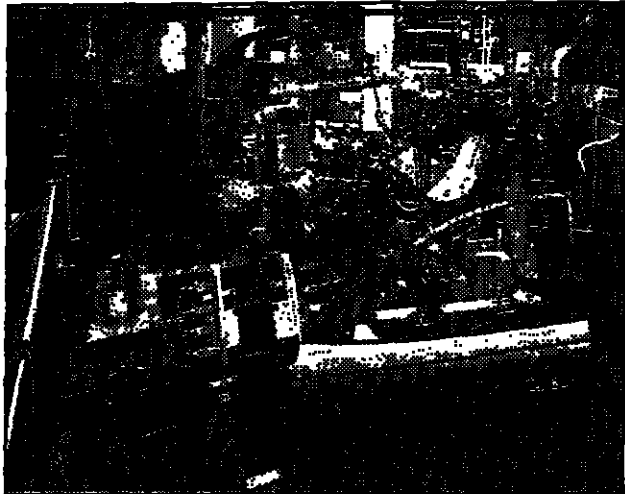
Flexitime

A key part of Opel's re-engineering program involves neither capital goods nor capital expenditure. As of Sept. 1, Opel instituted the "flexible working week" in Rüsselsheim. This innovation bodes well for bringing a new flexibility to Germany's constructive labor-market practices.

The flexible week allows 11,100 employees at Rüsselsheim to work anywhere from 30 to 38.75 hours a week, depending on the prevailing level of demand for company products. Wages are paid out in fixed monthly rates, irrespective of the actual amount of work done. The hours worked by an employee are "paid into" an account, which has to reach a preset number by the end of the year. This common-sense approach allows management to avoid costly overtime work in autumn, when demand is at its peak, as well as costly idleness in slack times.

What will happen to the 400,000 square meters of space saved through the re-engineering?

"It will be turned into residential and commercial space, something greatly appreciated in Rüsselsheim, where both are at a premium," says Mr. Herman. "There's also a proposal to settle part of the local mechanical engineering polytechnic, with which we work very closely, there as well. There's a strong interest in living in and using our buildings. After all, many date back to the turn of the century and thus have a very historic charm."



Opel's new, flexible system of manufacturing in production cells.

WELL-FUNCTIONING JUNCTION FOR AIR, RAIL AND ROAD

As Hesse has developed its transport grids, it has also built links among them.

The conventional wisdom of the early 1990s spoke clearly and unequivocally. Finished was the age of the super-hubs, doomed by their increasing levels of congestion. The time of minihubs was at hand, because they allowed point-to-point, trouble-free travel for both passengers and goods.

Frankfurt has proved the conventional wisdom dead wrong. During 1991-94, Frankfurt Airport recorded a total 25 percent growth in its annual through-passenger totals. In 1994, more than 35 million people used the airport. This rate of growth has allowed Frankfurt to keep pace with that of the European air industry as a whole.

No small feat, considering that Frankfurt is already Europe's second-largest passenger airport, accounting for more than one-third of Germany's total air-passenger traffic. Frankfurt is also the world's second-largest airport for international travel.

Freight heavyweight
Frankfurt's continuing preeminence is even more marked in the air-freight sector. The number-one cargo airport in Europe, Frankfurt handled 1.28 million metric tons of cargo in 1994, accounting for more than 72 percent of all air freight

processed at Germany's airports, according to Flughafen Frankfurt Main AG (FAG), the publicly owned corporation that owns and operates Frankfurt airport.

This growth shows no sign of slackening. Passenger and air-freight traffic are currently running 9 percent and 5 percent respectively above last year's figures. This rate makes FAG's official forecasts — by 2010, Frankfurt Airport will be processing 52.6 million passengers and 2.7 million tons of freight a year — look extremely conservative.

Why did the conventional wisdom err? Partly because it failed to understand the forces governing the air-travel business: the large and still-growing number of code-sharing and other co-operation agreements concluded among the airlines over the past five years.

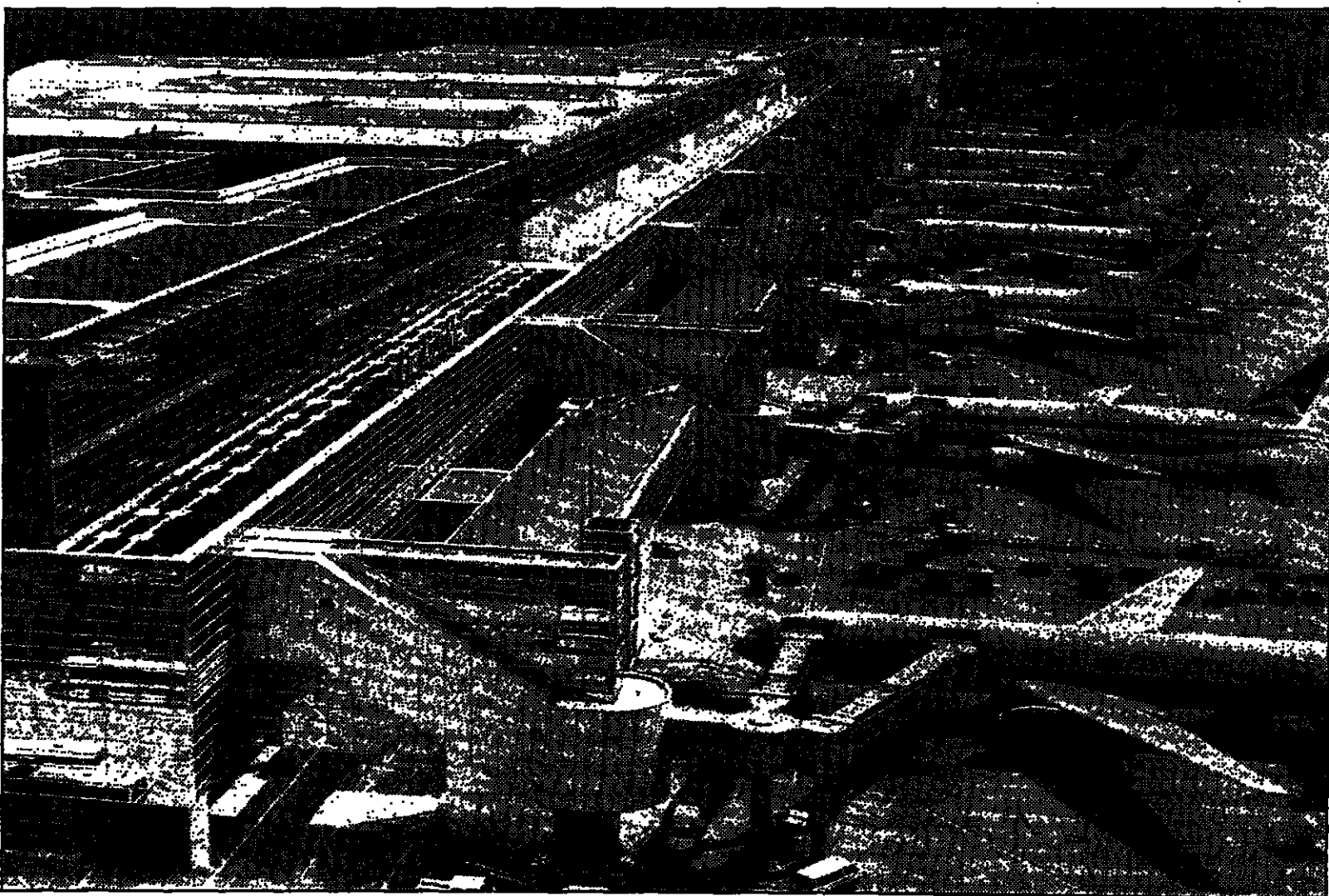
"This has further enhanced the attractiveness of Frankfurt," says Wilhelm Bender, chairman of FAG's board. "These agreements are built around pairings of links, and that's something Frankfurt has a wide range of. Some 110 scheduled carriers link Frankfurt with more than 240 destinations. Equally important, we're not only a very large hub, we're also a 'precision hub.' Our

state-of-the-art baggage-handling system and other features also allow us to guarantee 45-minute transfer times between flights, and this level of performance is what makes these pairings work — and makes them attractive to passengers. The airlines appreciate that, and flock to use Frankfurt."

Anticipation

FAG had anticipated this surge in demand and launched the largest building and revamping program in its history to accommodate and serve it. FAG's 7 billion Deutsche mark (\$5 billion) expenditure included its Terminal 2, opened in October 1994, with a capacity to handle up to 12 million passengers a year; a major expansion of Terminal One; an intra-airport Sky Line "people mover"; and the "filling in" of the space between the terminals, creating a mega-terminal.

This 7 billion DM, while generous, does not include the 100 million DM Lufthansa has allocated to furnish its own "terminal-within-a-terminal" at Terminal One, or the expansion of the Lufthansa Cargo Center, or the construction of a new freight-processing center called "Cargo City South," extending over 80 hectares (about 200 acres). When



completed, the center will double the airport's freight-handling capacities.

An ongoing source of expenditure is the airport's upgrading of its environmental protection systems and measures. Perhaps the most important reason for its enduring success, however — as

well as its most important contribution to protecting the environment — is not found in the airport itself, but underneath it.

By plane, by train

Frankfurt Airport is linked to Germany's autobahn grid — nothing very remarkable, as nearly all the world's airports have a superhighway link. In the basement of Frankfurt's Terminal 1, however, is a full-fledged train station, served by 226 IC express, regular service and S-Bahn (regional mass transit) trains a day.

This train-plane link is used by 7 million passengers a year. For many of them, the train ride lasts exactly 11 minutes, the time it takes to get to or from the airport to Frankfurt's main train station, the busiest in Europe and the Continent's main point of rail-rail transfers.

In addition to creating these air-autobahn, air-rail and rail-rail connections, Hesse has also developed Frankfurt's harbor, number two among Germany's inland ports, into a high-capacity facility linking Europe's busiest inland waterway — the Rhine-Main-Danube — with Germany's rail, road and air grids.

Now widely copied by the world's infrastructure plan-

ners, Hesse's intermodal pairings stem from a policy established four decades ago. "Because state planners realized that no single mode of transport, no matter how large or efficient, would be able to bear the transport load alone, they decided to develop the junctions between them while building the modes themselves," says Lothar Klemm, Hesse's minister of economic affairs.

It gets better

Coming next from Hesse is a major updating of the air-rail connection. By 2001, millions of passengers will be arriving at the airport via a new ICE (InterCityExpress) line running to the east of the Rhine. Cutting travel times to and from Cologne and other metropolises in half, the line will connect with the Sky Line at the airport "travel port."

This station-cum-check-in-counter is also now under construction.

Forming part of Europe's emerging high-speed rail grid, the ICE line will also be able to accommodate France's TGV (high-speed) trains.

Cargo City South has gone the passenger terminals one better. A hand-me-down from the area's previous tenants, the U.S. armed forces,



Passengers disembarking at Frankfurt Airport can reach the central train station via an 11-minute direct rail link.

its railhead is already ready for operation.

As Mr. Klemm points out, not all of Hesse's transport team-ups are commercial in nature.

"The rail-bike or the rail-hike ones are probably our

fastest-growing intermodal pairings," he says. "There's been an incredible surge in the numbers of people and bikes thronging our local trains and S-Bahns on any weekend day with halfway decent weather."



OUT OF ONE, MANY: FRANKFURT'S FECUND TRADE FAIR

Messe Frankfurt is facing a delightful problem — it will soon have to spin off its spin-offs. The reason: strong, sustained growth.

A case in point is the trade fair authority's consumer-goods events. In 1991, Messe Frankfurt's Spring Fair, an omnibus display of consumer goods, had reached the limits of its capacity and could no longer accommodate increased demand for exhibition space. The authority's solution was to spin the fair off into two events: Premiere, which features paper, perfumes and gift articles; and Ambiente, showcase for tableware, kitchen items and illumination.

"The problem is that each of these successor fairs now has exhibitor totals only marginally smaller than the original Spring Fair's," reports Mike Seidensticker, spokesman for Messe Frankfurt.

With problems like these, can Messe Frankfurt complain? "We're probably going to have to spin off Premiere and Ambiente into several, specialized events some time in the foreseeable future," says Mr. Seidensticker.

H E S S E

MONUMENTS, MUSEUMS AND FESTIVALS

Beauty and pleasure as well as industry are very much in evidence in Hesse.

Hessians have always taken design and designers seriously. So seriously that one of them, the Grand Duke Ernst Ludwig of Hesse-Darmstadt, commissioned his favorite architects and artists to plan and build the perfectly designed city. Their brief included everything from the city's buildings and street lamps to its cutlery and dish towels.

Ernst Ludwig provided them with a choice site for their work: next to his palace, on Darmstadt's Mathildenhöhe heights. The designers he selected shared his espousal of the

Jugendstil, the German version of Art Nouveau, a heady mix of Oriental and floral forms with a Baroque-like love of ornament and detail.

Mecca of design

The result, "the city where the aesthetic of art and architecture hold unimpeded sway," in the words of Merian magazine, was inaugurated in 1899. Ever since, the Mathildenhöhe has been a place of pilgrimage for would-be and practicing designers the world over, who join hundreds of thousands of tourists every year in marveling at the grace and beauty of the community's structures and the items on display at its local museum.

The Russian Chapel at Mathildenhöhe.

Many of these pilgrims arrive on foot, coming from Darmstadt's School of Design, one of the leading institutions in its field. Like Hesse's Design Center and the Institute of New

Technical Forms, the school is also located on the Mathildenhöhe.

Major museums

For the conscientious culture vulture, Hesse poses quite a challenge. The state has 150 major museums and 50 important festivals — some, like Frankfurt's Stadel museum and Darmstadt's Festival of New Music, of world renown.

Two factors cut down on the effort involved in covering the state's visual and performing art scene. The museums are in clusters and often serve as the venues for the festivals.

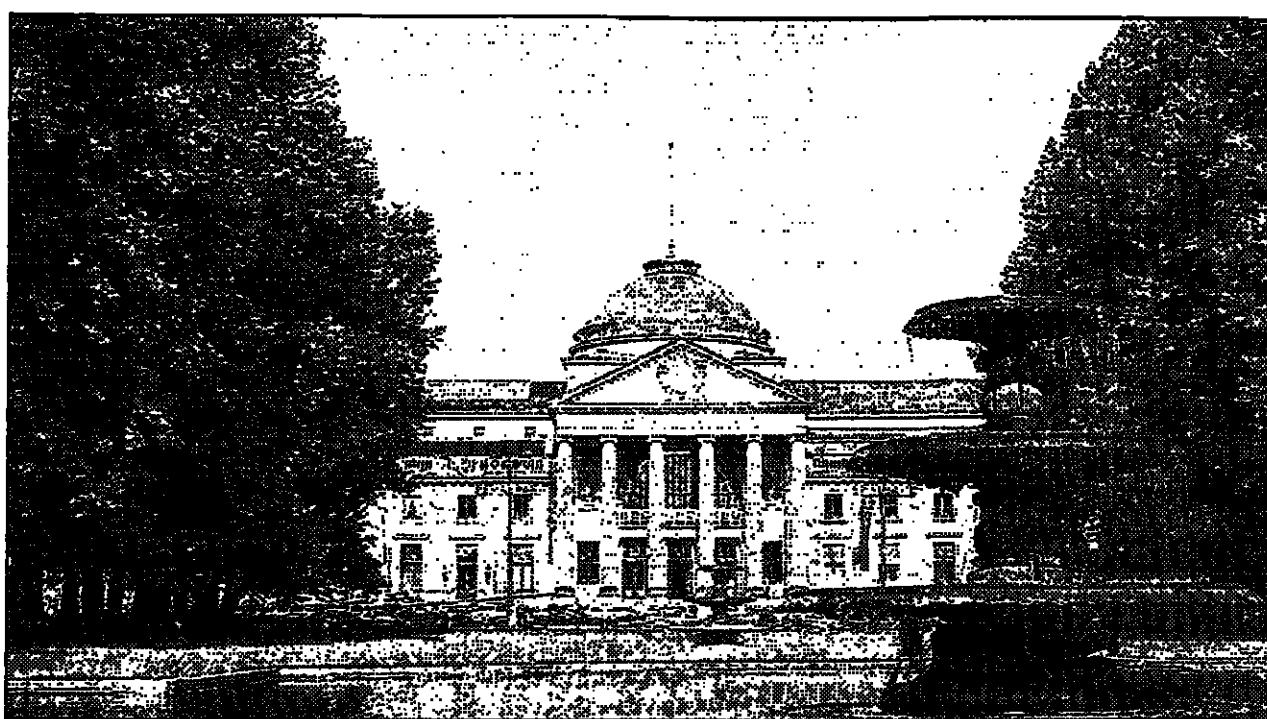
Frankfurt's Museumsufer, located on the south bank of the Main river, is a row of five major museums that is home to one of Europe's great outbursts of indoor culture and outdoor enjoyment each August. Fireworks, dragon-boat races, rock concerts and theater are just some of its staples. The Museumsuferfest is a high point of the city's year.

AI fresco entertainment

On a clement evening, a goodly portion of the city's dwellers throng the festival's stages, exhibition halls and circus tents, or just take in the colorful hubbub. For those wishing to plan their trip to Hesse around this event, 1996's installment will be held on Aug. 23-25, 1996.

Other "don't miss" festivals include the one in Bad Hersfeld. Held annually, from mid-June to mid-August, this festival offers everything from opera to jazz in a stupendously romantic setting — the ruins of a Norman church complex, the largest of its kind in Europe.

Life can be exceedingly pleasant in the Rheingau, Hesse's Rhine-side vineyard district. Throughout the summer, the Rheingau Music Festival offers a wonderful way to get to know the district. A number of its events are held in the Rheingau's castles and churches — or outdoors, in their parks and gardens.



Wiesbaden: renowned since Roman times for its healthy waters and pleasure domes.

THE RHINE: WATER, WINE AND WEALTH

In Hesse, this storied river winds along vineyards, spas and half-timbered villages.

The Rhine takes 70 kilometers (43 miles) to make its way from greater Frankfurt to Hesse's western border. Many of Germany's best-loved vineyards, villages and spas are packed into this stretch of river.

Long before Hoechst manufactured its first aniline dyes or the Deutsche Bank issued its first loan, Hesse was wealthy. The sources of Hesse's pre-Industrial Age affluence were hot, sulfurous waters, palatable wines and sturdy young farmboys.

The farmboys were "leased" to the world's armies by such 18th-century magnates as King Wilhelm VIII of Hesse-Kassel. The proceeds from this "rent-a-mercenary" business laid the foundations for a great international fortune as well as a profitable local industry.

The birth of banking

The man charged with investing the proceeds was a moneychanger and jeweler in Frankfurt's ghetto, Mayer Amschel, whose red sign — *Rotes Schild* in German — became his last name. Investment banking, Rothschild's new trade, was soon taken up by a many of Frankfurt's other merchants.

Hot water fueled Hesse's 29 spas, located from Willingen-Usseln in the state's extreme northwest to Bad Soden-Salmünster in the southeast. The state's history-making spas are clustered between Frankfurt and the state's western border. Especially numerous in the Taunus mountains, forming the "bankers' belt" to the northwest of Frankfurt, they include Königstein; Bad Homburg, the "spa of emperors"; and Wiesbaden, located on the Rhine.

More than hot water, it was cold cash that made Wiesbaden so prosperous and notorious in the 17th and 18th centuries. French, Russian and Italian aristocrats, adventurers and intellectuals fortified the flesh at the spa's baths by day, only to lose their shirts at the city's casino by night.

In doing so, the Casanovas and Dos-toyevskis were continuing a tradition already two millennia old. Making their way up the Rhine and its adjoining valley, the marauding Romans discovered the therapeutic benefits of Wiesbaden's waters, setting up prototypical casinos in the process.

The Romans also brought another of the region's great sources of wealth. Many of the Rhine-side plots they planted with grapes have been cultivated

ever since, a tradition culminating in Schloss Johannisberg, Kloster Eberbach, Schloss Vollrad and the region's other great vineyards.

Riesling route

Nowadays, several million people retrace the Romans' path each year, heading up the Rhine in cruise ships or making their way down Hesse's "Riesling Route," named after the region's pre-eminent vine. The tourists are there to marvel at a succession of stately vineyards and to meander through Rüdesheim, Oestrich-Winkel and the other meticulously restored, half-timbered villages lining the river's banks and hillside slopes.

This meandering often takes on impressive proportions — Rüdesheim alone welcomes 2.7 million visitors a year, ranking it as one of Germany's leading tourist attractions.

On an early summer's day, Oestrich-Winkel offers a special sight all its own: business suit-clad young people making their purposeful ways through the crowds of casually dressed tourists. These well-dressed young people attend the European Business School, Germany's renowned private university.

WAYFARERS IN FAIRY-TALE FORESTS

Hesse's forests are still known for their uses of enchantment.

Hänsel and Gretel. Little Red Riding Hood. Sleeping Beauty. All of these well-known fairy tales share a common setting and source — the primeval depths of the Spessart, Habichtswald, Rhön and other forests in Hesse. In the early 19th century, Jacob and Wilhelm Grimm explored the forests, garnering the local dwellers' folktales and lore in the process.

Today, rather than felling trees and gathering herbs,

the forest dwellers may operate computers and production equipment in nearby Kassel, Giessen and Gelnhausen. Although interspersed with an ever-growing number of Wald-hotels and Forstrestaurants, Hesse's forests still retain much of their primeval quality.

As well as nearly all of their collective size. Today, 41 percent of the state is covered with forest. "Not a whit less than 50 years ago,

despite all of the economic growth and industrialization taking place in the state during the time," says Andreas Klopp, spokesman for the Hessian Tourist Office, adding: "That's the best figure among Germany's states."

Those who wish to retrace the Grimm Brothers' footsteps and experience their source of inspiration firsthand can head down the "Fairy-Tale Route," whose 352 kilometers (218

miles) in Hesse take in Hanau, where the Brothers Grimm were born; Steinau, where they spent their early youth; and Kassel, where they put the tales into written form, plus all of the forests interspersed among these communities.

For those who take their childhoods and fairy tales seriously, Kassel's Grimm Museum holds a great treasure: the brothers' original notes, manuscripts and drawings.



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H E S S E

SOME EMINENTLY HESSIAN INSTITUTIONS

The state's attributes include its cuisine, trade fairs and state parks as well as its national bodies.

The many guidebooks on Hesse cover its "Abbelwoi" culture in detail, pointing out where best to drink the apple wine and the most important customs associated with it. The consensus is that the apple-wine culture is most concentrated in "Dribbach," a local, very colloquial description of the south Frankfurt neighborhood of Sachsenhausen, a prime point of congregation for the *Ebbelweige-*

schworene, the culture's aficionados. Also mentioned in all of the guidebooks is *Handkäs mit Musik*, a cheese-and-onion concoction doing little to help the state achieve a reputation for culinary excellence.

Strangely enough, the best proof of that excellence — the state's plethora of gourmet restaurants — is barely mentioned in the guidebooks, although they are among the most celebrat-

ed in Germany and are prominently featured by Michelin and GaultMillau. One of 12 "one star and above" communities in the state, the capital, Wiesbaden, has no less than a dozen such restaurants. The *Ente vom Lehel* is widely acknowledged to be the city's best, and one of the 10 best in Germany.

Duck & circumstance

It may also be the most high-profile of its kind in Germany. This fame has less to do with the quality of its food than with the inventiveness and promotional talents of its previous master chef, Hans-Peter Wodarz. Many of the gags and gimmicks now forming the high points of his "Pomp, Duck & Circumstances" culinary circus were first premiered to astounded guests of the restaurant, much to the delight of the German press.

The "must visit" restaurants, according to the *Frankfurter Allgemeine Zeitung* newspaper, include the *Landhaus Baur* in the southeastern Hessian village of Fischbachtal im Odenwald, and *Zur Krone* in Ehren-Steiers, a community located deep in the barely charted midst of the Rhön forest.

Messe Frankfurt is one of the world's largest trade authorities. Frankfurt, however, is by no means the only important trade-fair venue in Hesse. Reflecting the host city's major areas of business activities, Offenbach's textiles, clothing and leather goods events are the leaders in their fields. Wiesbaden is the site of an important congress on industrial measurement technologies and a major direct-marketing fair.

All told, there are 10 venues in Hesse staging events of regional, national and international importance. The smallest and probably prettiest of these venues is the northeastern Hessian town of Lauterbach, with a population of 10,000 and all the half-timbered houses. Renaissance palaces, medieval fortresses and baroque churches one could wish for.

The Rhine and the Main, Hesse's most famous rivers, account for only 107 and 77 kilometers of the state's 20,000 kilometers of waterways. They are outanked by the Fulda, namesake of the charming eastern Hessian city, at 203 kilometers (including its tributary the Eder). The Eder's reservoir, the largest body of water in the state, is often called —

rather vaingloriously — the Hessian Mediterranean.

The mountain route

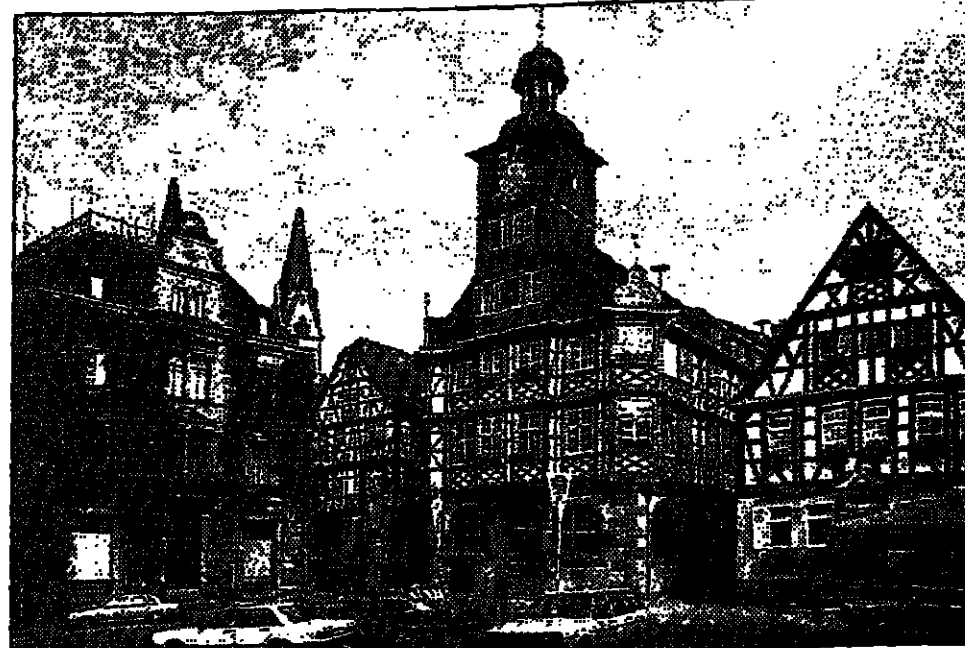
The Rheingau is one of the world's most celebrated wine-growing areas. Well-regarded wines are also grown along southern Hesse's Bergstrasse ("mountain route"), whose exceptionally mild climate produces a full-blooded Bergsträsser white wine.

Hesse's Wasserkuppe, a promontory 950 meters above sea level, has been Germany's main venue for sailplaning since 1911. Snow permitting, the Wasserkuppe is also a center for winter sports.

The Rhön area's trove of rare flora and fauna led UNESCO to declare it one of the world's "biosphere reserves." It is one of the state's nine nature parks, which occupy 29 percent of its total area. Hesse also has 225 conservation areas and 302 areas consigned to landscape-protection schemes.

Watchdogs

Among the national institutions and agencies located in Hesse — including Frankfurt's Deutsche Bundesbank and European Monetary Institute — is the source of the facts and figures the Bundesbank uses in making its



The marketplace at Heppenheim, near the Odenwald in the southern part of the state.

decisions: Wiesbaden's Statistisches Bundesamt (Federal Office of Statistics). Helping the Bundesbank keep a cold, clear eye on government spending is its Bundesrechnungshof, the watchdog agency equivalent to the U.S. Government Accounting Office. One focus of their attention is the Bundesbank's Bad Homburg suburb and responsible for administering Germany's public-sector debt.

Smugglers abhor and avoid, whenever possible,

Offenbach's Beschaffungsamt der Bundeszol-Verwaltung, one of the long arms of the country's customs bureau. Criminals of all stripes shirk Wiesbaden's Bundeskriminalamt, the center of Germany's crime-fighting efforts.

In print

Many of the works flogged at Frankfurt's mammoth book fair were (and are) written and printed in Frankfurt itself, the "true" birthplace of printing. Johannes Gutenberg printed his first book in Mainz, and set up his first real print shop in Frankfurt. The city is also

home to 500 publishing houses, many of them among the largest in Germany, plus the institution organizing the book fair and presiding over the country's book trade, the Börsenverein des Deutschen Buchhandels.

All of the books written in Frankfurt — or anywhere else in Germany — in the postwar era are to be found in the shelves of the Deutsche Bibliothek, with nearly 5 million volumes and the official library of record in the country. One of its two main branches is located in the city, as are 250 other general and specialized libraries and 115 booksellers. ■

HESSIANS ON HESSE

The countryside around Wetzlar has "an ineffable beauty," reported Johann Wolfgang von Goethe. Wetzlar itself was "unpleasant." The great man of German letters, a native of Frankfurt, had compelling reasons for his discordant views, ones having little to do with the actual qualities of the city and its surroundings.

The latter opinion was rendered just after his arrival in the city in 1772, and just after he had started a stint of "boring" law-clerking. The former dates from after his encounter with Charlotte Buff, the love of his early life. She was the inspiration for the heroine of the "Sorrows of Young Werther" and Goethe's constant companion on long rides.

Another man of German letters, Jacob Grimm, gave a mixed review to Marburg. "Marburg and its surroundings are undeniably beautiful, especially when one is standing in the vicinity of the city's castle and looking down on the city below. The city itself is very ugly, because the streets have more steps in them, I believe, than the residents' houses do."

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THE WORLD'S DAILY NEWS

World Roundup



Arantxa Sánchez Vicario could face inquiry over her tax status.

Sánchez Tax Probe

TENNIS Spanish officials are trying to determine whether tennis star Arantxa Sánchez Vicario has been violating tax laws.

El Mundo, a daily newspaper, said Wednesday that the probe centers on Sánchez Vicario's declaration of residence in Andorra, a small state with a benign tax regime in the Pyrenees.

Tax officials are considering the possibility that Sánchez Vicario violated two requirements of people who declare themselves nonresidents: they must spend 183 days each year in another country and not center their business operations in their native country. (AP)

Athens Seeks 2004 Games

OLYMPICS Athens, which once vowed never to bid for another Olympic Games, will apply to host the 2004 summer games, Greece's Olympic committee said. That takes the number of declared candidates to 10. Buenos Aires and Rio de Janeiro both submitted bids Thursday in Lausanne, Switzerland. Other declared candidates are Cape Town, Puerto Rico, Rome, Lille, Istanbul, St. Petersburg, Stockholm and Seville. (Reuters, AP)

Foreman to Bow Out

BOXING George Foreman, the former heavyweight champion, will end his career where it began — at Madison Square Garden, New York — with a fight against Michael Moorer on Feb. 29. "This is Foreman's final fight, no ifs, ands or buts," said the promoter Bob Arum. (Reuters)

Croatian Offer to Bosnia

SOCCER Croatia offered Bosnia the use of its stadiums after the two former Yugoslav republics were grouped together along with Slovenia in the qualifying draw for the 1998 World Cup finals. "We are pleased that the Slovene and Bosnian squads have been drawn in the same group, as both of them are our neighbors," said Ante Pavlovic, the Croatian federation secretary. (Reuters)

The Corporate Canadians

ICE HOCKEY The Montreal Canadiens will join the ranks of teams playing in corporate-sponsored buildings on March 16 when they leave the historic Forum for the Molson Centre. Ronald Corey, the Canadiens president, said the arena would be named for the brewery that funded it and owns the team. (Reuters)

Big Jack Waves, Is It Farewell?

LIVERPOOL — The Irish bus came teetering along the dark, crowded road as if on tiptoe. Wednesday was going to be the last of the fans' many great nights. The lights were on full-blast inside the bus, and Jack Charlton was in the front seat, leaning over the rail.

Along the Anfield Road the tension was just beginning to bubble over in erratic cheers and disjointed song. The Netherlands was going to beat Ireland, 2-0, for the 16th and final place in next summer's European Championship, a result that didn't seem to upset the more than 20,000 Irish who had come along.

The few dozen who happened to meet the bus looked up to see Charlton whistling.

"Jack! There he is!"

The bus lurched in the crowd and then started again as if being pushed. Charlton was smiling and waving; it seemed they all knew how it was going to end.

Maybe if the Dutch had still been fielding Marco Van Basten, Ruud Gullit, Frank Rijkaard, Ronald Koeman — the elderly legends — then the overachieving Charlton might have managed against the under-achieving Netherlands. But it's not as simple as that anymore. This team is in transition, driven by teenagers and eight stars from the world's new power, Ajax Amsterdam.

After losing to Belarus, the Dutch just scraped into this playoff of the worst second-place teams from the qualifying groups. But it seems silly to downgrade their chances for next June — by then the Dutch may have matured into the greatest team since their 1988 Europe champion.

For the Irish there is no transition. There never has been. There is only Charlton, still making use of the imports Ireland never knew it had. The manager's greatest trick is

Soccer / Ian Thomson

to make every big victory feel like an upset, as if the whole world has been taken on. The Irish seemed almost heartened in the eighth and ninth minutes, when Dennis Bergkamp's pass to Edgar Davids forced a save from Ireland's goalkeeper, Alan Kelly, and then Bergkamp himself struck the right post. The difference between the two sides no longer was boiled down to desire and inspiration. Ireland had continued along the same line, with five players over 30, while the Netherlands had gone the other way. The differences were age and ability.

Ireland has won just one of its last six matches, with a dozen goals conceded. In the 30th minute, the Netherlands cracked the settling inertia with the sort of break the Irish used to make: One efficient stroke from Clarence Seedorf in midfield to Davids, to Patrick Kluivert, who hammered the ball in without any trouble, while the emerald shirts seemed to melt into the pitch.

This was the best way for the Irish to go out, with an hour to prepare themselves. Until the 90th minute, when Kluivert chipped in the clinching goal, the Irish fended off a half-dozen scares without mounting anything better than a Paul McGrath attempt wide of the post.

Along these lines then, the evening grew into a testimonial to Charlton: A Kluivert header thumping the crossbar, a Seedorf breakaway ricocheted by Kelly over goal, capable shots by Marc Overmars and Davids and an uncontested header that John De Cock really should have made good — well, all of this superiority unfulfilled surely had to be the work of the manager. No one was really expecting another Irish miracle.

All of the missed Dutch chances were

like a living, breathing highlight package of Charlton's nine-year reign. The fantastic stubbornness — they cheered it like the boxer who keeps getting up, and never mind how the judges have it.

The Dutch, for their part, seemed unhappy only with Bergkamp, benching him in the 58th minute. He has scored once in the 11 qualifying games.

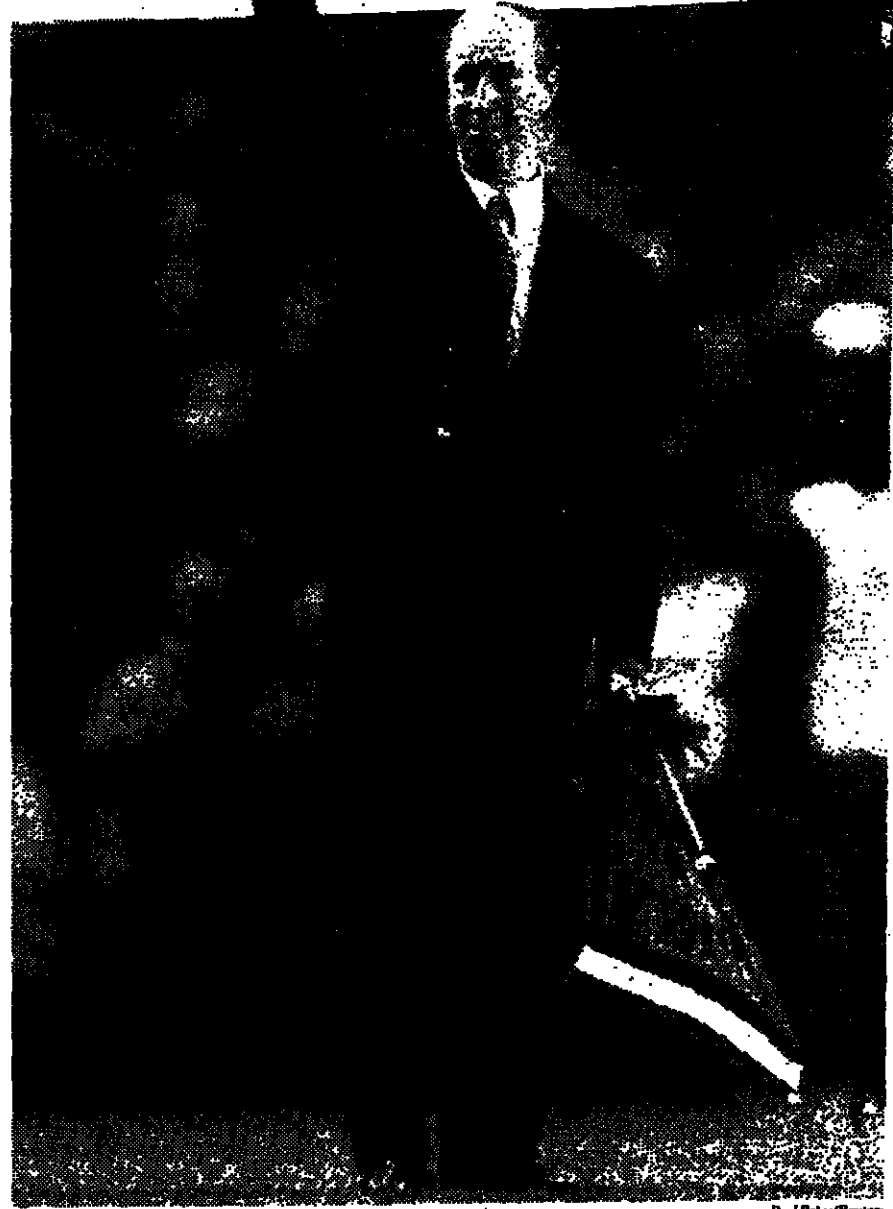
But issues like this will form the drumbeat next summer. It is unlikely that anything in the European finals will be able to match the joy of the L-shaped, orange block of Dutch supporters or the majority Irish in their green. They made the game theirs, and the game was better for it. They even agreed that the right team was winning, to judge from Ireland's late-night chants for Holland.

NEAR THE END, from their seats in the Kop, the Irish sang the Liverpool soccer club anthem, "You'll Never Walk Alone." It went on like this 15 minutes after the players had taken their farewell lap and after everyone else had left the stadium. At least 10,000 Irish were still there, chanting: "We want Jack!"

Then Charlton came out to midfield waving his adopted Irish flag — he is English, remember — and what seemed like the loudest Irish cheer of all ensued. It was a roar fit for a goal, but there had been no goal, not even a hint. There was only Charlton.

"I will say this for the last time, what I intend to do in the near future," Charlton told writers who were anticipating his retirement. "I plan to have a good Christmas and hang around until the New Year. I am going to talk to a few people and make my decision in my own time. I am sick of telling you."

But he couldn't fool the thousands who were boarding the ferries for home. They knew they'd said good-bye.



Jack Charlton, Ireland's manager, at Anfield after his team lost to the Dutch.

Martin Slows South Africans

DURBAN, South Africa — Peter Martin, the England fast bowler, took three wickets, and Richard Illingworth, a spinner, snapped up two to give England the initiative Thursday on a curtailed first day of the third test against South Africa.

South Africa won the coin toss and chose to bat first. After an encouraging start, Martin and Illingworth reduced South Africa from 54 without loss to 89 for five men out.

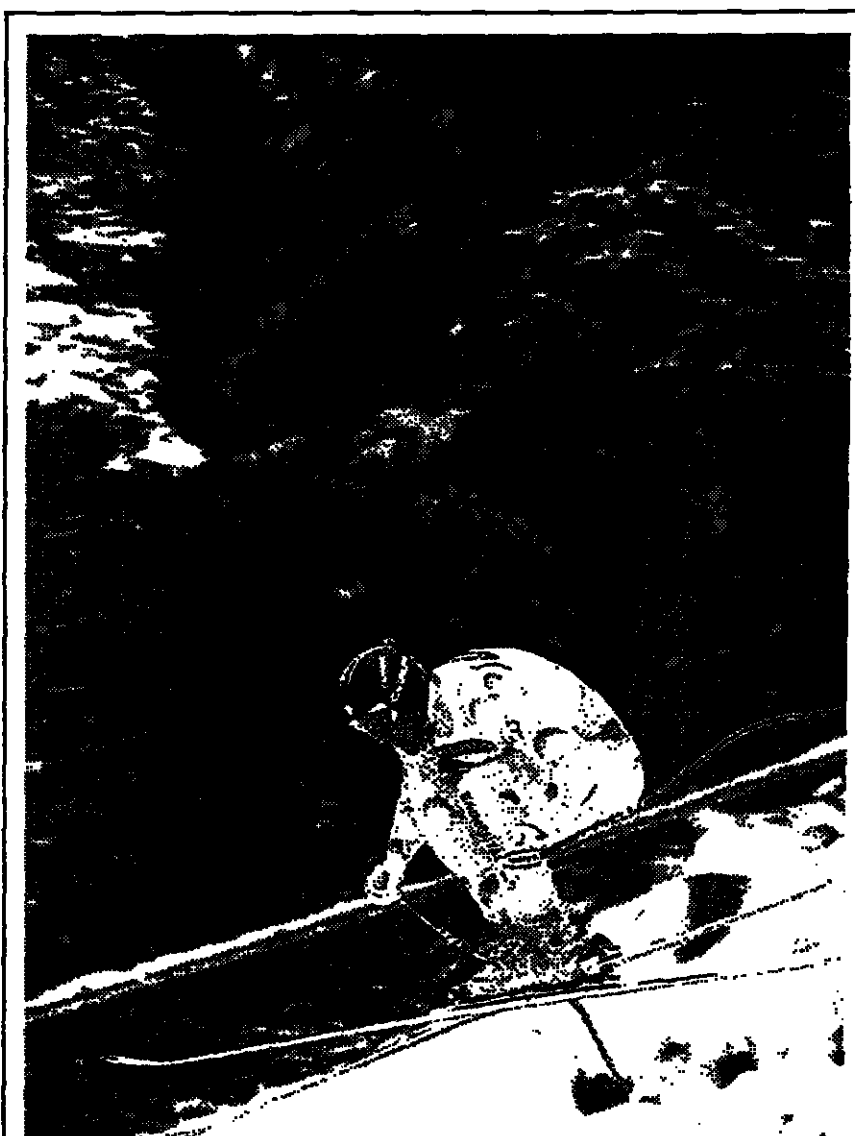
Jonny Rhodes (36 not out) and Brian McMillan (26 not out) were leading a recovery that had lifted the score to 139 for five when darkness stopped play two overs after tea.

Illingworth, recalled after being left out for the second test in Johannesburg, came on in the 16th over and bowled most of the way through the afternoon.

Martin, in his first appearance of the series, conceded 17 runs from his first three overs but returned to take three wickets in his next 10 overs. He made the breakthrough in the morning when Gary Kirsten (8 runs) flashed his bat at the ball, which flew off the edge, and Graeme Hick took a good catch high to his left.

In the next over, Illingworth ended Andrew Hudson's superb innings of 45 with a ball that struck Hudson's batting pad, flicked his glove and lobbed to John Crawley, fielding close to the batsman. Shortly after, Hansie Cronje (8) tried to attack a delivery from Illingworth, misread the flight and boled out to Martin.

After lunch, Martin struck again with two wickets in quick succession. First, Daryll Cullinan (10) drove lazily and gave Robin Smith an easy catch in the covers. Then Martin removed Jacques Kallis for one with a ball that deviated slightly and caught the edge of the bat to give wicketkeeper, Jack Russell, a comfortable catch.



FAST WAY DOWN — Markus Hermann of Switzerland attacking World Cup downhill course at Val Gardena, Italy, to place seventh in time trials.

Texas High School Awaits Its Shot at Gridiron Glory

ODESSA, Texas — Campus decorations convey the magnitude of football at Odessa Permian: Miniature helmets hang from the Christmas tree. An office window holds a "Refuse 2 Lose" placard. Cheerleaders have painted a huge sign on plastic donated by an oil company.

A billboard-sized boast looms over the Permian practice field, its giant letters spelling out State Champions: in 1965, '72, '80, '84, '89 and '91. Another chance at gridiron glory arrives Saturday for the team and town whose obsession with high school football came under a national spotlight in the best-selling book "Friday Night Lights."

"We work hard, it's attitude," the sophomore center Jason Miller said before practice. "We're going to win state this year. No reason not to be confident."

Permian (12-1-1) beat Klein, 17-6, in the Class 5A Division I semifinals last week, while Converse Judson (13-1) was blowing out Aldine Eisenhower, 49-13. The two powerhouse will meet for the first time Saturday in Texas Stadium to decide the 5A Division I winner.

This marks Permian's 11th trip to the football finals and a chance to tie the state record of seven championships held by Brownwood and Plano. Judson has won four, including back-to-back titles in 1992 and '93.

"It'll be what everybody wants it to be just because it's a state championship game," said Randy Mayes, who is in his second year as Permian's head coach. "Hopefully, it comes down to the best teams in the state."

Players say they got this far out of pride and determination to live out every Odessa boy's dream.

Expectations also weigh on the 28 se-

niors who were eighth-graders the last time Permian won the championship.

"For the most part they grew up in Odessa," Mayes said. "No doubt there's a great demand for them to succeed."

Recent history has delivered some blows.

Permian was barred from the playoffs in 1990 — a year after being named national champions — for conducting illegal practices.

Then, in 1993, the team was barred for using an ineligible player.

Bob Rutherford and several other grandfatherly boosters were sitting in lawn chairs at midfield to watch the team work out Tuesday. Rutherford says he has followed Permian football for 30 years.

"It represents everything good about teenagers and sports," he said.

"It's exciting when you live on the desert and have no professional teams in your area," explained the longtime announcer for the high school's band, W.L. Sibley.

Dan Yarbrough, who played center on the 1965 team that won the first football title, expects a tough game from Converse Judson. His son, Kyle, is a senior tackle.

Yarbrough said the current squad exemplifies the typical Permian strength of teamwork, as opposed to individuals seeking star status.

Do the players have any weaknesses?

"Certainly not," he said. "And if they did, I wouldn't tell you."

But Lauren Leakey, a sophomore, was not impressed and said she would rather sit in the cafeteria than go to the pep rally Friday morning.

"I'm into drama," she said. "You're an outcast if you don't go to football games. If you're a football player, you get all the glory."

SCOREBOARD

BASKETBALL

NBA STANDINGS

EASTERN DIVISION

Team	W	L	Pct	GB
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CENTRAL DIVISION

Team	W	L	Pct	GB
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PACIFIC DIVISION

Team	W	L	Pct	GB
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WESTERN DIVISION

Team	W	L	Pct	GB
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TOP 25 COLLEGE RESULTS

How the top 25 teams in The Associated Press college basketball poll fared Wednesday:

1. Duke 71-63 2. North Carolina 66-54 3. Kentucky 65-54 4. Michigan 64-54 5. Indiana 63-54 6. Wisconsin 62-54 7. Texas 61-54 8. Arizona 60-54 9. Illinois 59-54 10. Stanford 58-54 11. Oregon 57-54 12. UCLA 56-54 13. Georgetown 55-54 14. Duke 54-54 15. North Carolina 53-54 16. Kentucky 52-54 17. Michigan 51-54 18. Indiana 50-54 19. Wisconsin 49-54 20. Texas 48-54 21. Arizona 47-54 22. Illinois 46-54 23. Stanford 45-54 24. Oregon 44-54 25. UCLA 43-54

MAJOR COLLEGE SCORES

Ark.-Little Rock 72, SW Texas St. 63

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FOOTBALL

NATIONAL FOOTBALL LEAGUE

CAROLINA — Put Eric Galt, wide receiver, on injured reserve. Released Jeff Pritchett, defensive lineman. Signed Phil Veldheer, defensive lineman from practice squad.

ATLANTA — Signed Brent Boyer, linebacker.

NY JETS — Signed Pat O'Neil, punter-placer.

MINNESOTA — Put Kevin Martin, wide receiver, on injured reserve. Signed Ricky Brown, tight end.

ST. LOUIS — Released Leonard Russell, running back. Signed Ashley Sheppard, linebacker. Put Chris Miller, quarterback, on injured reserve.

San Francisco — Signed Randy Bolden, running back. Put Jamal Williams, running back, on injured reserve.

CRICKET

TEST MATCH

SOUTH AFRICA VS. ENGLAND, 1ST DAY

THURSDAY, IN DURBAN

South Africa 1st Innings: 139-5

England 1st Innings: 139-5

South Africa 2nd Innings: 139-5

England 2nd Innings: 139-5

South Africa 3rd Innings: 139-5

England 3rd Innings: 139-5

South Africa 4th Innings: 139-5

England 4th Innings: 139-5

South Africa 5th Innings: 139-5

England 5th Innings: 139-5

South Africa 6th Innings: 139-5

England 6th Innings: 139-5

South Africa 7th Innings: 139-5

England 7th Innings: 139-5

South Africa 8th Innings: 139-5

England 8th Innings: 139-5

South Africa 9th Innings: 139-5

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England 2nd Innings: 139-5

South Africa 3rd Innings: 139-5

England 3rd Innings: 139-5

South Africa 4th Innings: 139-5

England 4th Innings: 139-5

South Africa 5th Innings: 139-5

England 5th Innings: 139-5

South Africa 6th Innings: 139-5

England 6th Innings: 139-5

South Africa 7th Innings: 139-5

England 7th Innings: 139-5

South Africa 8th Innings: 139-5

England 8th Innings: 139-5

South Africa 9th Innings: 139-5

England 9th Innings: 139-5

South Africa 10th Innings: 139-5

England 10th Innings: 139-5

South Africa 11th Innings: 139-5

England 11th Innings: 139-5

South Africa 12th Innings: 139-5

England 12th Innings: 139-5

South Africa 13th Innings: 139-5

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South Africa 4th Innings: 139-5

England 4th Innings: 139-5

South Africa 5th Innings: 139-5

England 5th Innings: 139-5

South Africa 6th Innings: 139-5

England 6th Innings: 139-5

South Africa 7th Innings: 139-5

England 7th Innings: 139-5

South Africa 8th Innings: 139-5

England 8th Innings: 139-5

South Africa 9th Innings: 139-5

England 9th Innings: 139-5

South Africa 10th Innings: 139-5

England 10th Innings: 139-5

South Africa 11th Innings: 139-5

England 11th Innings: 139-5

South Africa 12th Innings: 139-5

England 12th Innings: 139-5

South Africa 13th Innings: 139-5

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